

KAFOURY, ARMSTRONG & CO.  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

January 5, 2012

To the City Council of the  
City of Elko, State of Nevada

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko, State of Nevada for the year ended June 30, 2011, and have issued our report thereon dated December XX, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, OMB Circular A-133 and the *Passenger Facility Charge Audit Guide for Public Agencies*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 15, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Elko are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City changed accounting policies related to fund balance presentation by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year. We noted no transactions entered into by the City of Elko during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City of Elko's financial statements were:

The useful lives of assets determined for depreciation. Management's estimate of the useful lives of the City of Elko capital assets is based upon the City's historical usage of its capital assets and consistency with lives utilized by other local governments.

We evaluated the key factors and assumptions used to develop this sensitive estimate and determined that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the liabilities associated with Other Post-Employment Benefits (OPEB) is based on actuarial study performed by an outside consultant.

We evaluated the key factors and assumptions used to develop these sensitive estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following summarizes the uncorrected misstatements of the financial statements:

- To correctly record revenues and expenditures for the Narcotics Task Force Grant \$1,511, which were part of deferred revenue and when spent the revenue and expenditure were not recorded correctly.
- To correctly record amortization expense for bond costs totaling \$8,102 for the 2010 Street Bonds, which were not amortized for the year ended June 30, 2011.

Management has determined that their effects are immaterial, both individually and in the aggregate to the financial statements taken as a whole.

The following material misstatements detected as a result of audit procedures were corrected by management:

- Correct depreciation recorded incorrectly totaling \$19,153.
- To correct bond issue costs erroneously capitalized as part of capital assets totaling \$156,062.
- To adjust property taxes receivable to actual totaling \$10,731.
- To record grant revenue for the Homeland Security grant totaling \$5,032.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the



auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated December XX, 2011.

#### Managements Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

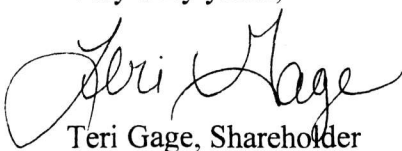
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Elko's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Supplementary Information

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the City of Elko City Council and management of the City of Elko and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Teri Gage".

Teri Gage, Shareholder  
Kafoury, Armstrong, & Co.

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**CITY OF ELKO  
STATE OF NEVADA**

**FISCAL YEAR ENDED  
June 30, 2011**

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**CITY OF ELKO**  
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**FINANCIAL SECTION**

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KAFOURY, ARMSTRONG & CO.  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and City Council of Elko, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko, State of Nevada, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Elko's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 5, 2012, on our consideration of the City of Elko's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9, the Schedule of Funding Progress on page 42 and the Schedules of Budgetary Comparison Information on pages 43 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elko's basic financial statements as a whole. The combining and individual fund statements and schedules including budgetary comparisons, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Passenger Facility Charges (as required by the Federal Aviation Administration) and the Schedule of Expenditures of Federal Awards are presented for purposes of additional

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analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and are also not required parts of the basic financial statements. The combining and individual fund statements and schedules including budgetary comparisons, the Schedule of Passenger Facility Charges, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States, the City of Elko's basic financial statements for the year ended June 30, 2010, which are not presented with the accompanying financial statements. In our report dated December 22, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2010 individual major and nonmajor fund financial schedules are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2010, taken as a whole. The Statistical Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Kafoury, Armstrong & Co.*

Elko, Nevada  
January 5, 2012



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**City of Elko**  
**Management's Discussion and Analysis**  
**June 30, 2011**

The following discussion and analysis is presented to provide the reader with an overview of the financial activity and overall financial condition of the City of Elko.

The MD&A is a component of Required Supplementary Information and introduces the basic financial statements and provides an analytical overview of the City's financial activities.

**Overview of the Financial Statements**

The City's basic financial statements include the following elements:

**Government-wide Financial Statements**

Government-wide financial statements provide both long-term and short-term information about the City's overall financial condition. Changes in the City's financial position may be measured over time by increases and decreases in the Statement of Net Assets. Information on how the City's net assets changed during the fiscal year is presented in the Statement of Activities.

**Fund Financial Statements**

Fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental, proprietary, and fiduciary funds.

**Notes to the Financial Statements**

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Refer to Note 1 to the financial statements for more detailed information on the elements of the financial statements. Table 1 below summarizes the major features of the basic financial statements.

**Table 1: Major Features of the Basic Financial Statements**

|   | Government-Wide<br>Financial Statements               | Fund Financial Statements   |  |   |
|---|---|---|--|---|
|   |   | Governmental Funds  | Proprietary Funds  | Fiduciary Funds   |
| <b>Scope</b>  | Entire City government<br>(except Fiduciary Funds)    | Activities of the City that<br>are not proprietary or<br>fiduciary                          | Activities of the City<br>that are operated<br>similar to private<br>businesses  | Instances in which the<br>City is the trustee agent<br>for someone else's<br>resources  |
| <b>Required<br/>Financial<br/>Statements</b>              | Statement of Net Assets<br>Statement of Activities    | Balance Sheet<br>Statement of Revenues,<br>Expenditures, and<br>Changes in Fund<br>Balances | Statement of Net<br>Assets<br>Statement of Revenues,<br>Expenses, and<br>Changes in Net Assets<br>Statement of Cash<br>Flows | Statement of Fiduciary Net<br>Assets<br>Statement of Changes in<br>Fiduciary Net Assets |
| <b>Accounting<br/>Basis and<br/>Measurement<br/>Focus</b> | Accrual accounting and<br>economic resources<br>focus | Modified accrual<br>accounting and current<br>financial resources focus                     | Accrual accounting<br>and economic<br>resources focus  | Accrual accounting and<br>economic resources focus                                      |

|  | Government-Wide<br>Financial Statements  | Fund Financial Statements  |  |  |
|--|--|--|--|--|
|  |  | Governmental Funds   | Proprietary Funds  | Fiduciary Funds  |
| <b>Type of Asset/Liability Information</b> | All assets and liabilities, both financial and capital, and short-term and long-term   | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included  | All assets and liabilities, both financial and capital, and short-term and long-term   | All assets and liabilities, both short-term and long-term                              |
| <b>Type of Inflow/Outflow Information</b>  | All revenues and expenses during the year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year<br>Expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid | All revenues and expenses during the year, regardless of when cash is received or paid |

### Condensed Statement of Net Assets

The largest component \$91,278,717 of the City's net assets reflects its investment in capital assets (i.e. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net assets are not available for future spending. Restricted net assets are the next component, totaling \$1,276,156. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion of net assets, totaling \$19,847,126, is unrestricted, which can be used to finance government operations.

Table 2 below presents the City's condensed statement of net assets as of June 30, 2011 with comparisons for June 30, 2010. These are derived from the government-wide Statement of Net Assets.

**Table 2: Condensed Statement of Net Assets  
As of June 30, 2011 and 2010**

|  | 2011<br>Governmental<br>Activities | 2010<br>Governmental<br>Activities | 2011<br>Business-<br>type<br>Activities | 2010<br>Business-<br>type<br>Activities | Total<br>Primary<br>Government<br>2011 | Total<br>Primary<br>Government<br>2010 |
|--|------------------------------------|------------------------------------|---|---|--|--|
| Current and other assets                           | \$19,308,255                       | \$ 6,359,024                       | \$18,227,727                            | \$16,178,164                            | \$ 37,535,982                          | \$ 22,537,188                          |
| Capital assets                                     | 30,683,636                         | 28,532,963                         | 69,592,167                              | 70,025,921                              | 100,275,803                            | 98,558,884                             |
| Total assets                                       | 49,991,891                         | 34,891,987                         | 87,819,894                              | 86,204,085                              | 137,811,785                            | 121,096,072                            |
| Other liabilities                                  | 2,665,303                          | 1,773,395                          | 943,568                                 | 703,197                                 | 3,608,871                              | 2,476,592                              |
| Long-term liabilities                              | 15,650,641                         | 4,296,837                          | 6,150,274                               | 6,322,074                               | 21,800,915                             | 10,618,911                             |
| Total liabilities                                  | 18,315,944                         | 6,070,232                          | 7,093,842                               | 7,025,271                               | 25,409,786                             | 13,095,503                             |
| Net Assets:  |                                    |                                    |   |   |  |  |
| Invested in capital assets,<br>net of related debt | 26,990,471                         | 26,867,963                         | 64,288,246                              | 64,343,004                              | 91,278,717                             | 91,210,967                             |
| Restricted   | 1,110,286                          | -                                  | 165,870                                 | 163,320                                 | 1,276,156                              | 163,320                                |
| Unrestricted                                       | 3,575,190                          | 1,953,792                          | 16,271,936                              | 14,672,490                              | 19,847,126                             | 16,626,282                             |
| Total net assets                                   | <u>\$31,675,947</u>                | <u>\$28,821,755</u>                | <u>\$80,726,052</u>                     | <u>\$79,178,814</u>                     | <u>\$112,401,999</u>                   | <u>\$108,000,569</u>                   |

### Condensed Statement of Activities

Table 3 presents the City's condensed statement of activities for the fiscal year ended June 30, 2011, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net assets measure whether the City's

financial position is improving or deteriorating. During the fiscal year, the net assets of the governmental activities increased by \$2,854,192, or by 9.9 percent, and the net assets of the business-type activities increased by \$1,595,853, or by 2.0 percent.

**Table 3: Condensed Statement of Activities**  
For Fiscal Year Ended June 30, 2011 and 2010

|   | 2011<br>Governmental<br>Activities | 2010<br>Governmental<br>Activities | 2011<br>Business -<br>type<br>Activities | 2010<br>Business-<br>type<br>Activities | Total<br>Primary<br>Government<br>2011 | Total<br>Primary<br>Government<br>2010 |
|---|------------------------------------|------------------------------------|--|---|--|--|
| <b>Revenues</b>                         |                                    |                                    |  |   |  |  |
| Program revenues                        |                                    |                                    |  |   |  |  |
| Charges for services                    | \$ 2,045,119                       | \$ 1,644,285                       | \$11,516,624                             | \$11,071,823                            | \$13,561,743                           | \$ 12,716,108                          |
| Operating grants                        | 386,574                            | 333,780                            | 75,156                                   | -                                       | 461,730                                | 333,780                                |
| Capital grants                          | 1,634,355                          | 1,037,528                          | 1,806,370                                | 1,572,860                               | 3,440,725                              | 2,610,388                              |
| Total program revenues                  | 4,066,048                          | 3,015,593                          | 13,398,150                               | 12,644,683                              | 17,464,198                             | 15,660,276                             |
| <b>General revenues</b>                 |                                    |                                    |  |   |  |  |
| Taxes                                   |                                    |                                    |  |   |  |  |
| Ad valorem tax                          | 3,709,778                          | 3,664,871                          | -  | -                                       | 3,709,778                              | 3,664,871                              |
| Consolidated tax                        | 11,015,990                         | 9,088,548                          | -  | -                                       | 11,015,990                             | 9,088,548                              |
| Room tax                                | 2,787,376                          | 2,413,931                          | -  | -                                       | 2,787,376                              | 2,413,931                              |
| Gas tax                                 | 492,018                            | 483,800                            | -  | -                                       | 492,018                                | 483,800                                |
| Other                                   | 118,631                            | 99,029                             | -  | -                                       | 118,631                                | 99,029                                 |
| Gaming licenses                         | 109,919                            | 141,208                            | -  | -                                       | 109,919                                | 141,208                                |
| Franchise fees                          | 895,135                            | 796,642                            | -  | -                                       | 895,135                                | 796,642                                |
| Investment earnings                     | 43,397                             | (5,308)                            | 30,020                                   | 74,397                                  | 73,417                                 | 69,089                                 |
| Gain on sale of<br>capital asset        | 1,482                              | -                                  | 935                                      | 2,850                                   | 2,417                                  | 2,850                                  |
| Miscellaneous revenues                  | 153,543                            | 269,003                            | -  | -                                       | 153,543                                | 269,003                                |
| Total general revenues                  | 19,327,269                         | 16,951,724                         | 30,955                                   | 77,247                                  | 19,358,224                             | 17,028,971                             |
| <b>Total revenues</b>                   | <b>23,393,317</b>                  | <b>19,967,317</b>                  | <b>13,429,105</b>                        | <b>12,721,930</b>                       | <b>36,822,422</b>                      | <b>32,689,247</b>                      |
| <b>Program expenses</b>                 |                                    |                                    |  |   |  |  |
| General government                      | 2,294,253                          | 2,327,967                          | -  | -                                       | 2,294,253                              | 2,327,967                              |
| Judicial                                | 364,974                            | 389,347                            | -  | -                                       | 364,974                                | 389,347                                |
| Public safety                           | 9,191,951                          | 9,206,566                          | -  | -                                       | 9,191,951                              | 9,206,566                              |
| Public works                            | 4,168,995                          | 4,464,538                          | -  | -                                       | 4,168,995                              | 4,464,538                              |
| Health                                  | 569,617                            | 571,959                            | -  | -                                       | 569,617                                | 571,959                                |
| Culture and recreation                  | 3,142,078                          | 2,987,106                          | -  | -                                       | 3,142,078                              | 2,987,106                              |
| Community support                       | 21,000                             | 32,000                             | -  | -                                       | 21,000                                 | 32,000                                 |
| Debt Service – interest                 | 334,819                            | 67,399                             | -  | -                                       | 334,819                                | 67,399                                 |
| Water                                   | -                                  | -                                  | 2,578,053                                | 2,635,815                               | 2,578,053                              | 2,635,815                              |
| Sewer                                   | -                                  | -                                  | 3,908,472                                | 3,644,243                               | 3,908,472                              | 3,644,243                              |
| Landfill                                | -                                  | -                                  | 1,486,604                                | 1,311,372                               | 1,486,604                              | 1,311,372                              |
| Airport                                 | -                                  | -                                  | 3,687,392                                | 3,485,232                               | 3,687,392                              | 3,485,232                              |
| Golf                                    | -                                  | -                                  | 624,169                                  | 625,189                                 | 624,169                                | 625,189                                |
| Total program expenses                  | 20,087,687                         | 20,046,882                         | 12,284,690                               | 11,701,851                              | 32,372,377                             | 31,748,733                             |
| Excess (deficiency)<br>before transfers | 3,305,630                          | (79,565)                           | 1,144,415                                | 1,020,079                               | 4,450,045                              | 940,514                                |
| Transfers                               | (451,438)                          | (862,117)                          | 451,438                                  | 862,117                                 | -                                      | -                                      |
| Change in net assets                    | 2,854,192                          | (941,682)                          | 1,595,853                                | 1,882,196                               | 4,450,045                              | 940,514                                |
| Prior Period Adjustment                 | -                                  | -                                  | (48,615)                                 | -                                       | (48,615)                               | -                                      |
| Beginning net assets                    | 28,821,755                         | 29,763,437                         | 79,178,814                               | 77,296,618                              | 108,000,569                            | 107,060,055                            |
| <b>Ending net assets</b>                | <b>\$31,675,947</b>                | <b>\$28,821,755</b>                | <b>\$80,726,052</b>                      | <b>\$79,178,814</b>                     | <b>\$112,401,999</b>                   | <b>\$108,000,569</b>                   |

### Program Expenses and Revenues for Governmental Activities

Table 4 presents program expenses and revenues for governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. The net program expenses of these governmental activities were, therefore, supported by general revenues mainly taxes.

**Table 4: Program Expenses and Revenues  
For Governmental Activities  
For the Fiscal Year Ended June 30, 2011 and 2010**

| <b>City Programs</b>    | <b>Program Expenses</b> | <b>Program Revenues</b> | <b>Net Program Expenses (Revenues) (a)<br/>2011</b> | <b>Net Program Expenses (Revenues) (a)<br/>2010</b> |
|-------------------------|-------------------------|-------------------------|---|---|
| General Government      | \$ 2,294,253            | \$ 746,610              | \$ 1,547,643  | \$ 1,994,610  |
| Judicial                | 364,974                 | 241,897                 | 123,077   | 161,750   |
| Public Safety           | 9,191,951               | 945,750                 | 8,246,201   | 8,205,396   |
| Public Works            | 4,168,995               | 1,656,578               | 2,512,417   | 3,554,681   |
| Health                  | 569,617                 | 104,266                 | 465,351   | 503,921   |
| Culture & Recreation    | 3,142,078               | 370,947                 | 2,771,131   | 2,511,532   |
| Debt Service - interest | 334,819                 | -                       | 334,819   | 67,399  |
| Community Support       | 21,000                  | -                       | 21,000  | 32,000  |
| Totals                  | <b>\$20,087,687</b>     | <b>\$ 4,066,048</b>     | <b>\$16,021,639</b>                                 | <b>\$17,031,289</b>                                 |

(a) Net program expenses are mainly supported by taxes.

### Program Expenses and Revenues for Business-type Activities

Table 5 presents program expenses and revenues for business-type activities. Program revenues generated from business-type activities were sufficient to cover program expenses.

**Table 5: Program Expenses and Revenues  
For Business-type Activities  
For the Fiscal Year Ended June 30, 2011 and 2010**

| <b>City Programs</b> | <b>Program Expenses</b> | <b>Program Revenues</b> | <b>Net Program Expenses (Revenues)<br/>2011</b> | <b>Net Program Expenses (Revenues)<br/>2010</b> |
|----------------------|-------------------------|-------------------------|---|---|
| Water Enterprise     | \$ 2,578,053            | \$ 3,630,835            | \$ (1,052,782)                                  | \$ ( 860,312)                                   |
| Sewer Enterprise     | 3,908,472               | 5,740,841               | (1,832,369)                                     | (1,922,249)                                     |
| Landfill Enterprise  | 1,486,604               | 1,609,257               | (122,653)                                       | (120,164)                                       |
| Airport Enterprise   | 3,687,392               | 1,827,738               | 1,859,654                                       | 1,901,075                                       |
| Golf Enterprise      | 624,169                 | 589,479                 | 34,690  | 58,818  |
| Totals               | <b>\$12,284,690</b>     | <b>\$13,398,150</b>     | <b>\$ (1,113,460)</b>                           | <b>\$ ( 942,832)</b>                            |

### **Overall Analysis**

Financial highlights for the City, as a whole, during the fiscal year ended June 30, 2011, include the following:

- The assets of the City exceeded its liabilities (net assets) at the close of the fiscal year by \$31.7 million for governmental activities and by \$80.7 million for business-type activities.
- The City's total net assets increased during the year by \$4,450,045 or by 4.1 percent. Net assets of governmental activities increased by \$2,854,192 or by 9.9 percent, while net assets of business-type activities increased by \$1,595,853 or by 2.0 percent.

### **Fund Analysis**

Funds that experienced significant changes during the year are as follows:

## **Governmental Funds**

At the close of the fiscal year ending June 30, 2011, the City's governmental funds reported a combined ending fund balance of \$15,773,663, with \$3,356,850 reported as unassigned fund balance, \$1,109,437 reported as restricted, \$11,277,499 reported as committed, and the remaining amount of \$29,877 as nonspendable. See Note 1 to the financial statements for an explanation of the different types of fund balance categories.

### **General Fund**

Fund balance at June 30, 2011 totaled \$4,217,221, which includes \$1,205,657 from the revenue stabilization fund. This represents an increase of \$1,262,955 for the general fund or 72.2 percent and an increase of \$744,610 or 161.5% for the revenue stabilization fund during the fiscal year. The increase is due to an increase in total revenues of 15.1 percent the majority of which came from increases in the consolidated taxes of 21.1%. There was a decrease in overall expenditures of 2.5% which consisted of a decrease in salaries of 1.8% which was accomplished by a voluntary 1% pay decrease for all employees as well as a hiring freeze that was put into place in November 2009 due to falling revenues in the prior fiscal year. This was offset with an increase of 4.9% for employee benefits related expenses of 10 percent in the cost of health insurance premiums as well as a slight increase in the cost of workman's compensation coverage. There was a decrease of 9.6% in total services and supplies from fiscal year 2010 to fiscal year 2011 which also helped increase the ending fund balance in the general fund. There was a \$75,000 transfer to the Airport Fund to help pay for ongoing litigation expenses associated with the premature failure of the concrete apron area. There was a transfer of \$22,631 to the Golf Enterprise Fund bringing the total transfers out to \$1,061,631.

### **Recreation Fund**

Fund balance at June 30, 2011 totaled \$674,828, which is an increase of \$242,816 or 56.2 percent during the fiscal year. The increase is due to an unexpected increase of 25.0 percent in transient lodging tax revenues the primary revenue source for the fund, expenditures for capital projects in the fund decreased by 53.4 percent from the prior year.

### **Capital Construction Fund**

Fund balance at June 30, 2011 totaled \$9,480,214, which is an increase of \$9,071,742 which is the result of the new 2010 Street Improvement Bonds in the amount of \$10,500,000 for the rehabilitation of Idaho Street and Silver Street. This fund has a dedicated fifteen cent tax rate for new streets and street reconstruction projects. These monies are accumulated over several years until such time there are sufficient resources to fund major street construction or reconstruction projects. The project to resurface Silver Street from 5<sup>th</sup> Street to the Mountain City Highway intersection was completed this fiscal year. The City was awarded ARRA funds in the amount of \$485,609 to help fund the Silver Street project and subsequently received additional ARRA funds in the amount of \$379,353 from Elko County's portion of the ARRA funds. The City bonded for \$10,500,000 for the reconstruction of Idaho Street, the main street of the city, to be done in fiscal years 2011 and 2012. This project was completed in November of 2011. The City entered into an inter-local agreement with the Elko Regional Transportation Commission to use the City's portion of the RTC revenues to help pay for the annual debt requirements for the new bond.

### **Revenue Stabilization Fund**

Fund balance at June 30, 2011 totaled \$1,205,657 which is an increase \$744,610 or 161.5 percent. There was a transfer in from the General Fund for \$964,000 once consolidated tax revenues began coming in over anticipated budget amounts. There was an initial transfer to the General Fund until the City began receiving larger than anticipated consolidated tax revenues. This fund was established in 2003 by Elko City Code to help stabilize the revenues of the General Fund in those years when revenues are not received at the anticipated levels.

### **Ad Valorem Capital Projects Fund**

Fund balance at June 30, 2011 totaled \$391,668, which is an increase of \$65,165 or 20.0 percent during the fiscal year. The traffic signal upgrade project was only project budgeted for this fiscal year, it totaled \$148,868 and was partially funded by a reimbursement from the State Department of Transportation in the amount of \$135,000. The total revenue received from the 5 cents property tax for capital projects was \$208,633.

### **Capital Equipment Reserve Fund**

Fund balance at June 30, 2011 totaled \$394,353, which is a decrease of \$161,330 or 29.0 percent during the fiscal year. The City uses this fund for all major equipment purchases for governmental funds including fire trucks and police squad cars. The City made multiple purchases from this fund in fiscal year 2010/2011; equipment purchases for general government totaled \$57,380; equipment purchases for public safety departments totaled \$89,192; and equipment purchases for public works departments totaled \$68,453. There was a transfer to the general fund in the amount of \$567,315 to help fund the general fund based on the reduced revenues received in fiscal year 2009/2010. The City has made significant progress in the replacement of an aging fleet and equipment list.



### **Facility Reserve Fund**

Fund balance at June 30, 2011 totaled \$0. There is not a dedicated revenue source for this fund other than through the City's revenue stabilization policy that states that any excess revenues received over the budgeted ending fund balance shall be distributed to the revenue stabilization fund, capital equipment fund and the facility reserve fund in the respective amounts of 25%, 37.5% and 37.5%. Additionally there were no expenses due to the lack of revenues and fund resources for this fiscal year.

### **Proprietary Funds**

The City's proprietary funds reported net assets of \$80,726,052 for fiscal year ending June 30, 2011. Following is a list of the proprietary funds and their respective net assets at June 30, 2010 and 2011 with the percentage change.

| <b>Fund</b>             | <b>June 30, 2010</b> | <b>June 30, 2011</b> | <b>Change</b>      | <b>%Change</b> |
|-------------------------|----------------------|----------------------|--------------------|----------------|
| Water Enterprise        | \$18,091,885         | \$19,155,170         | \$1,063,285        | 5.9%           |
| Sewer Enterprise        | 27,849,986           | 29,700,265           | 1,850,279          | 6.6%           |
| Airport Enterprise      | 29,387,780*          | 27,934,188           | (1,453,592)        | (4.9%)         |
| Landfill Enterprise     | 2,689,951            | 2,814,106            | 124,155            | 4.6%           |
| Golf Enterprise         | 1,110,597            | 1,122,323            | 11,726             | 1.1%           |
| <b>Total Net Assets</b> | <b>\$79,130,199</b>  | <b>\$80,726,052</b>  | <b>\$1,595,853</b> | <b>2.0%</b>    |

\*Note: Net assets for the Airport had a prior period adjustment in the amount of (\$48,615) for assets that were transferred to the governmental funds requiring a restatement of the June 30, 2010 net assets.

### **Capital Asset and Long-term Debt Activity**

#### **Capital Asset Activity**

At June 30, 2011, the City reported \$30.7 million in capital assets for governmental activities and \$69.6 million in capital assets for business-type activities. Major capital asset additions for the governmental activities were \$148,868 for the upgrade to the traffic signals project; \$1,029,088 for the Silver Street rehabilitation project; \$2,417,887 for the Idaho and 12<sup>th</sup> Streets Reconstruction projects; \$218,636 in public safety vehicles and equipment; and \$323,013 in bomb squad equipment for the Police Department; and \$96,020 for the Johnny Appleseed Parking Lot project. Major capital additions for business type activities included \$207,004 for the College Parkway water main connection; \$117,091 for the Ruby Vista Tank painting project; \$299,742 for a new sewer Vac truck; \$487,524 for the sealing of the equalization basin at the water reclamation facility(WRF); \$1,210,050 for the rapid infiltration basin expansion project at the WRF; \$623,823 for a new 623 Caterpillar tractor scraper at the Landfill; and \$868,443 for the Runway 5/23 obstruction removal project. Refer to Note 9 to the financial statements for additional information on capital assets.

#### **Long-term Debt Activity**

Long-term debt outstanding at June 30, 2011, excluding the annual required contribution for other post-employment benefits, totaled \$18,925,745, an increase of 112.8 percent when compared to the prior year.

In 2010/2011 the City of Elko issued \$10,500,000 for the 2010 Street Rehabilitation projects for the rehabilitation of Idaho and 12<sup>th</sup> Streets.

As of June 30, 2011, the City of Elko had a bond rating of A+ from Standard & Poors on the Elko Regional Airport 2009 refunded bond issue as well as the 2005 Recreation Facilities bond issue and the 2010 Street Rehabilitation bond issue.

As of June 30, 2011, the City of Elko had \$17,427,471 of general obligation debt outstanding, which is subject to the legal debt margin. This is well below the legal limit of \$117,276,538 by \$99,849,067. Refer to Note 10 of the financial statements for additional information on long-term debt.

#### **Economic Factors and Next Year's Budget and Rates**

The user fees for water, sewer, and landfill remained unchanged in fiscal year 2011/2012 from fiscal year 2010/2011 for the fourth year. However they will be reviewed to determine whether increases are required to properly fund operational

expenses as well as capital projects for both replacement and new capital purchases. The City Council continues to be proactive in their approach to depreciation funding in the enterprise funds.

The consolidated tax revenues increased 21.2 percent for fiscal year 2010/2011. Prior to fiscal year 2007/2008 the consolidated tax revenues had increased 74.3 percent from fiscal year 2001/2002 through fiscal year 2006/2007. Fiscal year 2008 through fiscal year 2010 the City of Elko experienced a 14.9 percent decrease in consolidated tax revenues, and for fiscal year 2011 the City had an increase of 21.2 percent in consolidated tax revenues. As consolidated tax revenues make up over 50 percent of the general fund revenues, any fluctuations either positive or negative can have significant impacts on the City's ability to provide the required services to its citizens. The increases in the consolidated tax revenues previously received were put into one time purchases for much needed improvements in capital projects as well as equipment purchases. This puts the City in a much better situation going forward as we have not increased staffing with the increased consolidated tax revenues that were received. We will monitor all economic situations to determine whether any adjustments need to be made in order to keep the City fiscally sound.

All of these factors were considered in preparing the City of Elko's budget for the 2012 fiscal year.

#### **Requests for Information**

This financial report is designed to provide a general overview of the financial activity of the City of Elko to all having an interest in the City of Elko. Questions concerning any of the information provided in this report or requests of additional financial information should be addressed to the City of Elko Finance Department, 1751 College Avenue, Elko, Nevada 89801.

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**CITY OF ELKO**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

|  | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL          |
|--|----------------------------|-----------------------------|----------------|
| <b>ASSETS</b>  |                            |                             |                |
| Cash and investments                                   | \$ 15,125,450              | \$ 16,830,079               | \$ 31,955,529  |
| Restricted cash  | 294,040                    | 165,870                     | 459,910        |
| Interest receivable                                    | 11,450                     | 12,150                      | 23,600         |
| Accounts receivable                                    | 189,076                    | 982,981                     | 1,172,057      |
| Room tax receivable                                    | 380,704                    | -                           | 380,704        |
| Taxes receivable, delinquent                           | 130,289                    | -                           | 130,289        |
| Due from other governments                             | 2,692,170                  | 29,909                      | 2,722,079      |
| Inventory  | 29,877                     | 125,296                     | 155,173        |
| Deferred charges - bond issue costs                    | 455,199                    | 81,442                      | 536,641        |
| Capital assets:  |                            |                             |                |
| Land and construction in progress                      | 4,041,848                  | 2,176,710                   | 6,218,558      |
| Other capital assets (net of accumulated depreciation) | 26,641,788                 | 67,415,457                  | 94,057,245     |
| Total Assets   | 49,991,891                 | 87,819,894                  | 137,811,785    |
| <b>LIABILITIES</b>                                     |                            |                             |                |
| Accounts payable                                       | 1,644,368                  | 779,466                     | 2,423,834      |
| Accrued salaries                                       | 406,814                    | 110,463                     | 517,277        |
| Interest payable                                       | 95,583                     | 42,120                      | 137,703        |
| Due to other governments                               | 235,449                    | -                           | 235,449        |
| Unearned revenue                                       | 283,089                    | 11,181                      | 294,270        |
| Other current liabilities                              | -                          | 338                         | 338            |
| Noncurrent liabilities:                                |                            |                             |                |
| Due within one year                                    | 1,165,404                  | 536,392                     | 1,701,796      |
| Due in more than one year                              | 12,438,532                 | 5,048,408                   | 17,486,940     |
| Net OPEB Liability                                     | 2,046,705                  | 565,474                     | 2,612,179      |
| Total Liabilities                                      | 18,315,944                 | 7,093,842                   | 25,409,786     |
| <b>NET ASSETS</b>                                      |                            |                             |                |
| Invested in capital assets, net of related debt        | 26,990,471                 | 64,288,246                  | 91,278,717     |
| Restricted for:  |                            |                             |                |
| Debt service   | 294,621                    | 165,870                     | 460,491        |
| Capital projects                                       | 391,668                    | -                           | 391,668        |
| Public safety  | 172,740                    | -                           | 172,740        |
| Redevelopment Agency                                   | 251,257                    | -                           | 251,257        |
| Unrestricted   | 3,575,190                  | 16,271,936                  | 19,847,126     |
| Total Net Assets                                       | \$ 31,675,947              | \$ 80,726,052               | \$ 112,401,999 |

See accompanying notes.

**CITY OF ELKO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

| FUNCTIONS/PROGRAMS             | EXPENSES             | PROGRAM REVENUES     |                                    |                                  |
|--------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                |                      | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS |
| Primary government:            |                      |                      |                                    |                                  |
| Governmental activities:       |                      |                      |                                    |                                  |
| General government             | \$ 2,294,253         | \$ 389,685           | \$ -                               | \$ 356,925                       |
| Judicial                       | 364,974              | 241,897              | -                                  | -                                |
| Public safety                  | 9,191,951            | 240,117              | 386,574                            | 319,059                          |
| Public works                   | 4,168,995            | 728,054              | -                                  | 928,524                          |
| Health                         | 569,617              | 104,266              | -                                  | -                                |
| Culture and recreation         | 3,142,078            | 341,100              | -                                  | 29,847                           |
| Community support              | 21,000               | -                    | -                                  | -                                |
| Interest on long-term debt     | 334,819              | -                    | -                                  | -                                |
| Total governmental activities  | <u>20,087,687</u>    | <u>2,045,119</u>     | <u>386,574</u>                     | <u>1,634,355</u>                 |
| Business-type activities:      |                      |                      |                                    |                                  |
| Water                          | 2,578,053            | 3,186,628            | -                                  | 444,207                          |
| Sewer                          | 3,908,472            | 5,136,581            | -                                  | 604,260                          |
| Landfill                       | 1,486,604            | 1,609,257            | -                                  | -                                |
| Airport                        | 3,687,392            | 994,679              | 75,156                             | 757,903                          |
| Golf                           | 624,169              | 589,479              | -                                  | -                                |
| Total business-type activities | <u>12,284,690</u>    | <u>11,516,624</u>    | <u>75,156</u>                      | <u>1,806,370</u>                 |
| Total primary government       | <u>\$ 32,372,377</u> | <u>\$ 13,561,743</u> | <u>\$ 461,730</u>                  | <u>\$ 3,440,725</u>              |

General revenues:

Taxes

Ad valorem taxes

Consolidated tax

Room taxes

Gas taxes

Other

Gaming licenses

Franchise fees

Investment earnings

Gain on sale of capital asset

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

NET ASSETS - BEGINNING OF YEAR, as originally reported

Prior period adjustments

NET ASSETS - BEGINNING OF YEAR, as restated

NET ASSETS - END OF YEAR

NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS

PRIMARY GOVERNMENT

| GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                 |
|----------------------------|-----------------------------|-----------------------|
| \$ (1,547,643)             | \$ -                        | \$ (1,547,643)        |
| (123,077)                  | -                           | (123,077)             |
| (8,246,201)                | -                           | (8,246,201)           |
| (2,512,417)                | -                           | (2,512,417)           |
| (465,351)                  | -                           | (465,351)             |
| (2,771,131)                | -                           | (2,771,131)           |
| (21,000)                   | -                           | (21,000)              |
| (334,819)                  | -                           | (334,819)             |
| <u>(16,021,639)</u>        | <u>-</u>                    | <u>(16,021,639)</u>   |
| -                          | 1,052,782                   | 1,052,782             |
| -                          | 1,832,369                   | 1,832,369             |
| -                          | 122,653                     | 122,653               |
| -                          | (1,859,654)                 | (1,859,654)           |
| -                          | (34,690)                    | (34,690)              |
| <u>-</u>                   | <u>1,113,460</u>            | <u>1,113,460</u>      |
| <u>(16,021,639)</u>        | <u>1,113,460</u>            | <u>(14,908,179)</u>   |
| 3,709,778                  | -                           | 3,709,778             |
| 11,015,990                 | -                           | 11,015,990            |
| 2,787,376                  | -                           | 2,787,376             |
| 492,018                    | -                           | 492,018               |
| 118,631                    | -                           | 118,631               |
| 109,919                    | -                           | 109,919               |
| 895,135                    | -                           | 895,135               |
| 43,397                     | 30,020                      | 73,417                |
| 1,482                      | 935                         | 2,417                 |
| 153,543                    | -                           | 153,543               |
| (451,438)                  | 451,438                     | -                     |
| <u>18,875,831</u>          | <u>482,393</u>              | <u>19,358,224</u>     |
| <u>2,854,192</u>           | <u>1,595,853</u>            | <u>4,450,045</u>      |
| 28,821,755                 | 79,178,814                  | 108,000,569           |
| -                          | (48,615)                    | (48,615)              |
| <u>28,821,755</u>          | <u>79,130,199</u>           | <u>107,951,954</u>    |
| \$ <u>31,675,947</u>       | \$ <u>80,726,052</u>        | \$ <u>112,401,999</u> |

See accompanying notes.



**CITY OF ELKO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

|  | GENERAL             | RECREATION<br>FUND  | CAPITAL<br>CONSTRUCTION<br>FUND | OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--|---------------------|---------------------|---------------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                                  |                     |                     |                                 |                                |                                |
| Cash and investments                           | \$ 2,763,551        | \$ 633,370          | \$ 10,535,512                   | \$ 1,193,017                   | \$ 15,125,450                  |
| Restricted cash                                | 103,798             | 12,158              | -                               | 178,084                        | 294,040                        |
| Interest receivable                            | 2,070               | 487                 | 8,018                           | 875                            | 11,450                         |
| Accounts receivable                            | 187,721             | -                   | -                               | 1,355                          | 189,076                        |
| Room tax receivable                            | -                   | 361,652             | -                               | -                              | 361,652                        |
| Taxes receivable, delinquent                   | 82,336              | -                   | 26,057                          | 21,896                         | 130,289                        |
| Due from other governments                     | 2,231,084           | -                   | 5,659                           | 455,427                        | 2,692,170                      |
| Inventory                                      | 29,877              | -                   | -                               | -                              | 29,877                         |
| Total Assets                                   | <u>\$ 5,400,437</u> | <u>\$ 1,007,667</u> | <u>\$ 10,575,246</u>            | <u>\$ 1,850,654</u>            | <u>\$ 18,834,004</u>           |
| <b>LIABILITIES AND FUND BALANCES</b>           |                     |                     |                                 |                                |                                |
| <b>Liabilities:</b>                            |                     |                     |                                 |                                |                                |
| Accounts payable                               | \$ 518,362          | \$ 100,613          | \$ 1,005,575                    | \$ 18,432                      | \$ 1,642,982                   |
| Accrued salaries                               | 383,246             | 17,495              | -                               | 6,073                          | 406,814                        |
| Due to other governments                       | 7,181               | 214,731             | -                               | 2,135                          | 224,047                        |
| Deferred revenue                               | 274,427             | -                   | 89,457                          | 422,614                        | 786,498                        |
| Total Liabilities                              | <u>1,183,216</u>    | <u>332,839</u>      | <u>1,095,032</u>                | <u>449,254</u>                 | <u>3,060,341</u>               |
| <b>Fund Balances:</b>                          |                     |                     |                                 |                                |                                |
| Nonspendable                                   | 29,877              | -                   | -                               | -                              | 29,877                         |
| Restricted                                     | 189,506             | 12,158              | -                               | 908,622                        | 1,110,286                      |
| Committed                                      | -                   | 662,670             | 9,480,214                       | 493,627                        | 10,636,511                     |
| Assigned                                       | 640,988             | -                   | -                               | -                              | 640,988                        |
| Unassigned                                     | 3,356,850           | -                   | -                               | (849)                          | 3,356,001                      |
| Total Fund Balances                            | <u>4,217,221</u>    | <u>674,828</u>      | <u>9,480,214</u>                | <u>1,401,400</u>               | <u>15,773,663</u>              |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u>\$ 5,400,437</u> | <u>\$ 1,007,667</u> | <u>\$ 10,575,246</u>            | <u>\$ 1,850,654</u>            | <u>\$ 18,834,004</u>           |

See accompanying notes.

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**CITY OF ELKO**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

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|   |                             |
|---|-----------------------------|
| TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE<br>BALANCE SHEET   | \$ 15,773,663               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not<br>reported in the governmental funds.   | 30,683,636                  |
| Deferred revenue represents amounts that are not available to fund current expenditures and,<br>therefore, are not reported in the Governmental Funds.  | 503,410                     |
| Accounts receivable relating to room taxes represents amounts that are not available to fund current<br>expenditures and, therefore, are not reported in the Governmental Funds.  | 19,052                      |
| Accounts payable related to room taxes due to other entities represents amounts that are not paid<br>until the room taxes are collected, therefore, are not reported in the Governmental Funds.   | (1,387)                     |
| Due to other governments related to room taxes due to other entities represents amounts that are not<br>paid until the room taxes are collected, therefore, are not reported in the Governmental Funds.   | (11,402)                    |
| Long-term liabilities, the related accrued interest payable and the annual required contribution for<br>post employment healthcare costs are not due and payable in the current period and, therefore, are<br>not reported in the Governmental Funds. | <u>(15,291,025)</u>         |
| TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES AS SHOWN ON THE<br>STATEMENT OF NET ASSETS   | \$ <u><u>31,675,947</u></u> |

See accompanying notes.

**CITY OF ELKO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

|  | GENERAL             | RECREATION<br>FUND | CAPITAL<br>CONSTRUCTION<br>FUND | OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--|---------------------|--------------------|---------------------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>                                      |                     |                    |                                 |                                |                                |
| Taxes  | \$ 2,253,941        | \$ 2,908,933       | \$ 829,682                      | \$ 610,804                     | \$ 6,603,360                   |
| Licenses and permits                                 | 1,765,089           | -                  | -                               | -                              | 1,765,089                      |
| Intergovernmental                                    | 11,543,028          | 29,847             | 748,598                         | 861,060                        | 13,182,533                     |
| Charges for services                                 | 769,662             | -                  | -                               | 215,658                        | 985,320                        |
| Fines and forfeitures                                | 209,940             | -                  | -                               | -                              | 209,940                        |
| Miscellaneous  | 106,501             | 28,590             | 55,755                          | 27,572                         | 218,418                        |
| <b>Total Revenues</b>                                | <b>16,648,161</b>   | <b>2,967,370</b>   | <b>1,634,035</b>                | <b>1,715,094</b>               | <b>22,964,660</b>              |
| <b>EXPENDITURES</b>                                  |                     |                    |                                 |                                |                                |
| Current:   |                     |                    |                                 |                                |                                |
| General government                                   | 2,100,152           | -                  | 4,930                           | 48,521                         | 2,153,603                      |
| Judicial   | 364,974             | -                  | -                               | -                              | 364,974                        |
| Public safety  | 8,294,481           | -                  | -                               | 161,440                        | 8,455,921                      |
| Public works   | 3,059,259           | -                  | 2,523                           | -                              | 3,061,782                      |
| Health   | 526,608             | -                  | -                               | -                              | 526,608                        |
| Culture and recreation                               | 977,659             | 1,754,915          | -                               | 211,715                        | 2,944,289                      |
| Community support                                    | 21,000              | -                  | -                               | -                              | 21,000                         |
| Capital outlay                                       | -                   | 226,452            | 2,896,180                       | 366,291                        | 3,488,923                      |
| Debt service:  |                     |                    |                                 |                                |                                |
| Bond issuance costs                                  | -                   | -                  | 455,199                         | -                              | 455,199                        |
| Principal  | -                   | -                  | -                               | 75,000                         | 75,000                         |
| Interest   | -                   | -                  | -                               | 244,967                        | 244,967                        |
| <b>Total Expenditures</b>                            | <b>15,344,133</b>   | <b>1,981,367</b>   | <b>3,358,832</b>                | <b>1,107,934</b>               | <b>21,792,266</b>              |
| Excess (Deficiency) of<br>Revenues Over Expenditures | <b>1,304,028</b>    | <b>986,003</b>     | <b>(1,724,797)</b>              | <b>607,160</b>                 | <b>1,172,394</b>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                     |                    |                                 |                                |                                |
| General obligation bond issued                       | -                   | -                  | 10,500,000                      | -                              | 10,500,000                     |
| Discount on general obligation<br>bond issued        | -                   | -                  | 296,539                         | -                              | 296,539                        |
| Sale of capital assets                               | -                   | -                  | -                               | 1,482                          | 1,482                          |
| Transfers in   | 801,168             | -                  | -                               | 156,695                        | 957,863                        |
| Transfers out  | (97,631)            | (743,187)          | -                               | (567,315)                      | (1,408,133)                    |
| <b>Total Other Financing<br/>Sources (Uses)</b>      | <b>703,537</b>      | <b>(743,187)</b>   | <b>10,796,539</b>               | <b>(409,138)</b>               | <b>10,347,751</b>              |
| <b>Net Change in Fund Balances</b>                   | <b>2,007,565</b>    | <b>242,816</b>     | <b>9,071,742</b>                | <b>198,022</b>                 | <b>11,520,145</b>              |
| <b>FUND BALANCES, July 1</b>                         | <b>2,209,656</b>    | <b>432,012</b>     | <b>408,472</b>                  | <b>1,203,378</b>               | <b>4,253,518</b>               |
| <b>FUND BALANCES, June 30</b>                        | <b>\$ 4,217,221</b> | <b>\$ 674,828</b>  | <b>\$ 9,480,214</b>             | <b>\$ 1,401,400</b>            | <b>\$ 15,773,663</b>           |

See accompanying notes.

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**CITY OF ELKO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

\$ 11,520,145

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

1,827,660

Capital assets received by the City through a grant are reported as capital grants in the statement of activities as a non-cash transaction.

323,013

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(10,323,802)

Property taxes and other revenue that are collected in time to pay obligations of the current period are reported as revenue in the fund statements. However, the amounts that relate to prior periods that first become available in the current period should not be reported as revenue in the statement of activities.

172,999

Long-term liabilities are not due and payable in the current period, therefore they are not reported in governmental funds. This amount is related to the current year change in the annual required contribution for postemployment healthcare costs.

(664,655)

Internal service funds are used by management to charge the costs of the self-funded health insurance program for City employees, dependents and retirees to individual funds. The net revenue of internal service funds is reported with governmental activities.

(1,168)

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES  
AS SHOWN ON THE STATEMENT OF ACTIVITIES

\$ 2,854,192

See accompanying notes.

**CITY OF ELKO**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2011**  
*(Page 1 of 2)*

|   | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS |               |                 |                  |                         |
|---|---|---------------|-----------------|------------------|-------------------------|
|   | WATER<br>FUND                               | SEWER<br>FUND | AIRPORT<br>FUND | LANDFILL<br>FUND | NONMAJOR<br>FUND - GOLF |
| <b>ASSETS</b>   |   |               |                 |                  |                         |
| Current assets:   |   |               |                 |                  |                         |
| Cash and investments                                      | \$ 5,798,898                                | \$ 9,927,388  | \$ 24,072       | \$ 879,924       | \$ 199,797              |
| Interest receivable                                       | 4,157                                       | 7,181         | 97              | 602              | 113                     |
| Accounts receivable                                       | 275,604                                     | 477,417       | 67,546          | 140,761          | 21,653                  |
| Due from other governments                                | -   | -             | 29,909          | -                | -                       |
| Inventory   | 125,296                                     | -             | -               | -                | -                       |
| Deferred charges - bond issue costs                       | -   | -             | 81,442          | -                | -                       |
| Total Current Assets                                      | 6,203,955                                   | 10,411,986    | 203,066         | 1,021,287        | 221,563                 |
| Noncurrent assets:  |   |               |                 |                  |                         |
| Restricted:   |   |               |                 |                  |                         |
| Cash - Debt service                                       | -   | -             | 165,870         | -                | -                       |
| Capital assets:   |   |               |                 |                  |                         |
| Land  | 289,608                                     | 71,653        | 884,269         | 2,467            | 9,045                   |
| Buildings   | 1,679,909                                   | 538,048       | 6,118,636       | 668,955          | 677,887                 |
| Improvements other than buildings                         | 15,863,294                                  | 36,675,165    | 6,119           | 616,212          | 565,918                 |
| Machinery and equipment                                   | 1,902,741                                   | 2,526,186     | 3,410,262       | 2,047,262        | 559,062                 |
| Construction in progress                                  | 382,580                                     | 261,067       | 273,909         | -                | 2,112                   |
| Infrastructure  | -   | -             | 41,849,651      | -                | -                       |
| Less accumulated depreciation                             | (6,543,624)                                 | (18,612,013)  | (21,052,852)    | (1,310,826)      | (770,535)               |
| Total Capital Assets (Net of<br>Accumulated Depreciation) | 13,574,508                                  | 21,460,106    | 31,489,994      | 2,024,070        | 1,043,489               |
| Total Noncurrent Assets                                   | 13,574,508                                  | 21,460,106    | 31,655,864      | 2,024,070        | 1,043,489               |
| Total Assets  | 19,778,463                                  | 31,872,092    | 31,858,930      | 3,045,357        | 1,265,052               |
| <b>LIABILITIES</b>  |   |               |                 |                  |                         |
| Current liabilities:                                      |   |               |                 |                  |                         |
| Accounts payable  | 388,589                                     | 137,479       | 207,931         | 29,973           | 15,494                  |
| Accrued salaries  | 32,195                                      | 32,150        | 14,550          | 19,546           | 12,022                  |
| Compensated absences                                      | 37,210                                      | 30,475        | 26,303          | 34,776           | 14,391                  |
| Interest payable  | -   | -             | 42,120          | -                | -                       |
| Current maturities of bonds payable                       | -   | 228,237       | 165,000         | -                | -                       |
| Unearned revenue  | -   | -             | 11,181          | -                | -                       |
| Other current liabilities                                 | -   | -             | -               | -                | 338                     |
| Total Current Liabilities                                 | 457,994                                     | 428,341       | 467,085         | 84,295           | 42,245                  |

| TOTAL<br>ENTERPRISE<br>FUNDS | GOVERNMENTAL<br>ACTIVITIES -<br>INTERNAL<br>SERVICE<br>FUND |
|------------------------------|---|
| \$ 16,830,079                | \$ -  |
| 12,150                       | -   |
| 982,981                      | -   |
| 29,909                       | -   |
| 125,296                      | -   |
| 81,442                       | -   |
| <u>18,061,857</u>            | <u>-</u>  |
| <br>165,870                  | <br>-   |
| <br>1,257,042                | <br>-   |
| 9,683,435                    | -   |
| 53,726,708                   | -   |
| 10,445,513                   | -   |
| 919,668                      | -   |
| 41,849,651                   | -   |
| (48,289,850)                 | -   |
| <u>69,592,167</u>            | <u>-</u>  |
| <u>69,758,037</u>            | <u>-</u>  |
| <u>87,819,894</u>            | <u>-</u>  |
| <br>779,466                  | <br>-   |
| 110,463                      | -   |
| 143,155                      | -   |
| 42,120                       | -   |
| 393,237                      | -   |
| 11,181                       | -   |
| 338                          | -   |
| <u>1,479,960</u>             | <u>-</u>  |

**CITY OF ELKO**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2011**  
*(Page 2 of 2)*

|   | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS |               |                 |                  |                         |
|---|---|---------------|-----------------|------------------|-------------------------|
|   | WATER<br>FUND                               | SEWER<br>FUND | AIRPORT<br>FUND | LANDFILL<br>FUND | NONMAJOR<br>FUND - GOLF |
| Noncurrent liabilities:   |   |               |                 |                  |                         |
| General obligation bonds payable,<br>net of unamortized discounts | \$ -  | \$ 1,534,234  | \$ 3,376,450    | \$ -             | \$ -                    |
| Net OPEB liability  | 150,741                                     | 162,080       | 76,552          | 114,666          | 61,435                  |
| Compensated absences  | 14,558                                      | 47,172        | 4,655           | 32,290           | 39,049                  |
| Total Noncurrent Liabilities                                      | 165,299                                     | 1,743,486     | 3,457,657       | 146,956          | 100,484                 |
| Total Liabilities   | 623,293                                     | 2,171,827     | 3,924,742       | 231,251          | 142,729                 |
| NET ASSETS  |   |               |                 |                  |                         |
| Invested in capital assets, net<br>of related debt                | 13,574,508                                  | 19,697,635    | 27,948,544      | 2,024,070        | 1,043,489               |
| Restricted for:   |   |               |                 |                  |                         |
| Debt service  | -   | -             | 165,870         | -                | -                       |
| Unrestricted (deficit)  | 5,580,662                                   | 10,002,630    | (180,226)       | 790,036          | 78,834                  |
| TOTAL NET ASSETS  | \$ 19,155,170                               | \$ 29,700,265 | \$ 27,934,188   | \$ 2,814,106     | \$ 1,122,323            |

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| <div>TOTAL<br/>ENTERPRISE<br/>FUNDS</div> | <div>GOVERNMENTAL<br/>ACTIVITIES -<br/>INTERNAL<br/>SERVICE<br/>FUND</div> |
|---|--|
| \$ 4,910,684                              | \$ -   |
| 565,474                                   | -  |
| <u>137,724</u>                            | <u>-</u>   |
| 5,613,882                                 | -  |
| <u>7,093,842</u>                          | <u>-</u>   |
| 64,288,246                                | -  |
| 165,870                                   | -  |
| <u>16,271,936</u>                         | <u>-</u>   |
| <u>\$ 80,726,052</u>                      | <u>\$ -</u>  |

See accompanying notes.

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**CITY OF ELKO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

|   | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS |               |                 |                  |                         |
|---|---|---------------|-----------------|------------------|-------------------------|
|   | WATER<br>FUND                               | SEWER<br>FUND | AIRPORT<br>FUND | LANDFILL<br>FUND | NONMAJOR<br>FUND - GOLF |
| OPERATING REVENUES  |   |               |                 |                  |                         |
| Intergovernmental   | \$ -  | \$ -          | \$ 93,745       | \$ -             | \$ -                    |
| Charges for services  | 3,088,946                                   | 2,254,008     | 286,120         | 1,556,831        | 579,037                 |
| Other services  | 97,682                                      | 33,669        | 689,970         | 52,426           | 10,442                  |
| Total Operating Revenues                                    | 3,186,628                                   | 2,287,677     | 1,069,835       | 1,609,257        | 589,479                 |
| OPERATING EXPENSES  |   |               |                 |                  |                         |
| Salaries and wages  | 612,376                                     | 621,616       | 293,213         | 407,716          | 238,133                 |
| Employee benefits   | 321,623                                     | 323,680       | 154,768         | 202,759          | 110,747                 |
| Services and supplies                                       | 1,243,763                                   | 1,538,893     | 362,998         | 643,748          | 223,012                 |
| Depreciation  | 400,291                                     | 1,361,986     | 2,477,808       | 94,547           | 52,277                  |
| Total Operating Expenses                                    | 2,578,053                                   | 3,846,175     | 3,288,787       | 1,348,770        | 624,169                 |
| Operating Income (Loss)                                     | 608,575                                     | (1,558,498)   | (2,218,952)     | 260,487          | (34,690)                |
| NONOPERATING REVENUES (EXPENSES)                            |   |               |                 |                  |                         |
| Investment earnings   | 10,503                                      | 17,910        | 182             | 1,502            | (77)                    |
| Gain (loss) on disposal of capital assets                   | -   | -             | -               | (137,834)        | 935                     |
| Sewer improvement user fees                                 | -   | 2,848,904     | -               | -                | -                       |
| Apron failure expense                                       | -   | -             | (221,920)       | -                | -                       |
| Amortization expense  | -   | -             | (7,005)         | -                | -                       |
| Interest expense  | -   | (62,297)      | (169,680)       | -                | -                       |
| Total Nonoperating<br>Revenues (Expenses)                   | 10,503                                      | 2,804,517     | (398,423)       | (136,332)        | 858                     |
| Income (Loss) Before Capital<br>Contributions and Transfers | 619,078                                     | 1,246,019     | (2,617,375)     | 124,155          | (33,832)                |
| CAPITAL CONTRIBUTIONS                                       | 444,207                                     | 604,260       | 757,903         | -                | -                       |
| TRANSFERS OUT   | -   | -             | -               | -                | -                       |
| TRANSFERS IN  | -   | -             | 405,880         | -                | 45,558                  |
| Change in Net Assets  | 1,063,285                                   | 1,850,279     | (1,453,592)     | 124,155          | 11,726                  |
| NET ASSETS, July 1, as originally reported                  | 18,091,885                                  | 27,849,986    | 29,436,395      | 2,689,951        | 1,110,597               |
| Prior period adjustment                                     | -   | -             | (48,615)        | -                | -                       |
| TOTAL NET ASSETS, as restated, July 1                       | 18,091,885                                  | 27,849,986    | 29,387,780      | 2,689,951        | 1,110,597               |
| NET ASSETS, June 30   | \$ 19,155,170                               | \$ 29,700,265 | \$ 27,934,188   | \$ 2,814,106     | \$ 1,122,323            |

| TOTAL<br>ENTERPRISE<br>FUNDS | GOVERNMENTAL<br>ACTIVITIES -<br>INTERNAL<br>SERVICE<br>FUND |
|------------------------------|---|
| \$ 93,745                    | \$ -  |
| 7,764,942                    | -   |
| 884,189                      | -   |
| <u>8,742,876</u>             | <u>-</u>  |
| 2,173,054                    | -   |
| 1,113,577                    | -   |
| 4,012,414                    | -   |
| 4,386,909                    | -   |
| <u>11,685,954</u>            | <u>-</u>  |
| <u>(2,943,078)</u>           | <u>-</u>  |
| 30,020                       | -   |
| (136,899)                    | -   |
| 2,848,904                    | -   |
| (221,920)                    | -   |
| (7,005)                      | -   |
| <u>(231,977)</u>             | <u>-</u>  |
| <u>2,281,123</u>             | <u>-</u>  |
| (661,955)                    | -   |
| 1,806,370                    | -   |
| -                            | (1,168)   |
| 451,438                      | -   |
| <u>1,595,853</u>             | <u>(1,168)</u>  |
| 79,178,814                   | 1,168   |
| <u>(48,615)</u>              | <u>-</u>  |
| <u>79,130,199</u>            | <u>1,168</u>  |
| <u>\$ 80,726,052</u>         | <u>\$ -</u>   |

See accompanying notes.

**CITY OF ELKO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(Page 1 of 2)*

|   | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS |               |                 |
|---|---|---------------|-----------------|
|   | WATER<br>FUND                               | SEWER<br>FUND | AIRPORT<br>FUND |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |   |               |                 |
| Cash received from customers  | \$ 3,188,810                                | \$ 2,277,436  | \$ 1,093,676    |
| Cash payments to suppliers for goods and services                       | (1,228,756)                                 | (1,580,281)   | (606,640)       |
| Cash payments to employees for services and benefits                    | (887,916)                                   | (893,425)     | (419,782)       |
| Cash payments for airport apron failure litigation expenses             | -   | -             | (54,870)        |
| Net Cash Provided (Used) by Operating Activities                        | 1,072,138                                   | (196,270)     | 12,384          |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                  |   |               |                 |
| Transfers in  | -   | -             | 405,880         |
| Transfers out   | -   | -             | -               |
| Net Cash Provided (Used) by Noncapital<br>Financing Activities          | -   | -             | 405,880         |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>     |   |               |                 |
| Acquisition of capital assets   | (900,169)                                   | (1,663,986)   | (884,456)       |
| Principal paid on debt  | -   | (221,040)     | (160,000)       |
| Interest paid on debt   | -   | (62,297)      | (170,880)       |
| Unamortized bond discount/premium                                       | -   | -             | 7,005           |
| Proceeds from sales of capital assets                                   | -   | -             | -               |
| Cash received from capital improvement user fees                        | -   | 2,848,904     | -               |
| Proceeds from federal grants  | -   | -             | 816,604         |
| Receipt of customer contributions                                       | 444,207                                     | 604,260       | -               |
| Net Cash Provided (Used) by Capital and<br>Related Financing Activities | (455,962)                                   | 1,505,841     | (391,727)       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |   |               |                 |
| Interest on investments   | 17,439                                      | 29,328        | 85              |
| Net Cash Provided (Used) by Investing Activities                        | 17,439                                      | 29,328        | 85              |
| Net Increase (Decrease) in Cash and Cash Equivalents                    | 633,615                                     | 1,338,899     | 26,622          |
| CASH AND CASH EQUIVALENTS, July 1                                       | 5,165,283                                   | 8,588,489     | 163,320         |
| CASH AND CASH EQUIVALENTS, June 30                                      | \$ 5,798,898                                | \$ 9,927,388  | \$ 189,942      |
| <b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>                            |   |               |                 |
| Restricted cash and cash equivalents                                    | \$ -  | \$ -          | \$ 165,870      |
| Unrestricted cash and cash equivalents                                  | 5,798,898                                   | 9,927,388     | 24,072          |
| Total Cash and Cash Equivalents   | \$ 5,798,898                                | \$ 9,927,388  | \$ 189,942      |

| BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS |                         |                           | GOVERNMENTAL<br>ACTIVITIES -<br>INTERNAL<br>SERVICE<br>FUND |
|---|-------------------------|---------------------------|---|
| LANDFILL<br>FUND                            | NONMAJOR<br>FUND - GOLF | TOTAL ENTERPRISE<br>FUNDS |   |
| \$ 1,586,414                                | \$ 575,211              | \$ 8,721,547              | \$ -  |
| (638,216)                                   | (231,938)               | (4,285,831)               | -   |
| (573,919)                                   | (332,359)               | (3,107,401)               | -   |
| -   | -                       | (54,870)                  | -   |
| 374,279                                     | 10,914                  | 1,273,445                 | -   |
| -   | 45,558                  | 451,438                   | -   |
| -   | -                       | -                         | (1,168)   |
| -   | 45,558                  | 451,438                   | (1,168)   |
| (550,572)                                   | (13,000)                | (4,012,183)               | -   |
| -   | -                       | (381,040)                 | -   |
| -   | -                       | (233,177)                 | -   |
| -   | -                       | 7,005                     | -   |
| -   | 935                     | 935                       | -   |
| -   | -                       | 2,848,904                 | -   |
| -   | -                       | 816,604                   | -   |
| -   | -                       | 1,048,467                 | -   |
| (550,572)                                   | (12,065)                | 95,515                    | -   |
| 3,164                                       | 70                      | 50,086                    | -   |
| 3,164                                       | 70                      | 50,086                    | -   |
| (173,129)                                   | 44,477                  | 1,870,484                 | (1,168)   |
| 1,053,053                                   | 155,320                 | 15,125,465                | 1,168   |
| \$ 879,924                                  | \$ 199,797              | \$ 16,995,949             | \$ -  |
| \$ -  | \$ -                    | \$ 165,870                | \$ -  |
| 879,924                                     | 199,797                 | 16,830,079                | -   |
| \$ 879,924                                  | \$ 199,797              | \$ 16,995,949             | \$ -  |

CITY OF ELKO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011  
(Page 2 of 2)

|  | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS |                     |                  |
|--|---|---------------------|------------------|
|  | WATER<br>FUND                               | SEWER<br>FUND       | AIRPORT<br>FUND  |
| RECONCILIATION OF OPERATING INCOME (LOSS)<br>TO NET CASH PROVIDED (USED) BY<br>OPERATING ACTIVITIES:     |   |                     |                  |
| Operating income (loss)  | \$ 608,575                                  | \$ (1,558,498)      | \$ (2,218,952)   |
| Adjustments to reconcile operating income (loss) to<br>net cash provided (used) by operating activities: |   |                     |                  |
| Depreciation   | 400,291                                     | 1,361,986           | 2,477,808        |
| Net OPEB liability   | 52,580                                      | 53,373              | 25,176           |
| Apron failure litigation expenses  | -   | -                   | (54,870)         |
| (Increase) Decrease in:  |   |                     |                  |
| Accounts receivable  | 2,182                                       | (10,241)            | (15,577)         |
| Due from other governments   | -   | -                   | (617)            |
| Due from other funds   | -   | -                   | 38,775           |
| Inventory  | 13,108                                      | 3,706               | -                |
| Increase (Decrease) in:  |   |                     |                  |
| Accounts payable   | 1,899                                       | (45,094)            | 17,342           |
| Accrued liabilities  | (7,443)                                     | (6,914)             | (4,763)          |
| Compensated absences   | 946   | 5,412               | 7,786            |
| Due to other funds   | -   | -                   | (260,984)        |
| Unearned revenue   | -   | -                   | 1,260            |
| Net Cash Provided (Used) by Operating<br>Activities  | \$ <u>1,072,138</u>                         | \$ <u>(196,270)</u> | \$ <u>12,384</u> |
| Noncash Capital Activities:  |   |                     |                  |
| The Landfill Fund traded in a scraper with the purchase of a<br>new scraper.                             | \$ <u>-</u>                                 | \$ <u>-</u>         | \$ <u>-</u>      |

| BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS |                  |                     | GOVERNMENTAL |
|---|------------------|---------------------|--------------|
| LANDFILL                                    | NONMAJOR         | TOTAL ENTERPRISE    | ACTIVITIES - |
| FUND  | FUND - GOLF      | FUNDS               | INTERNAL     |
|   |                  |                     | SERVICE      |
|   |                  |                     | FUND         |
| \$ 260,487                                  | \$ (34,690)      | \$ (2,943,078)      | \$ -         |
| 94,547                                      | 52,277           | 4,386,909           | -            |
| 35,007                                      | 20,447           | 186,583             | -            |
| -   | -                | (54,870)            | -            |
| (22,843)                                    | (14,268)         | (60,747)            | -            |
| -   | -                | (617)               | -            |
| -   | -                | 38,775              | -            |
| -   | -                | 16,814              | -            |
| 5,532                                       | (8,926)          | (29,247)            | -            |
| (2,977)                                     | (5,869)          | (27,966)            | -            |
| 4,526                                       | 1,943            | 20,613              | -            |
| -   | -                | (260,984)           | -            |
| -   | -                | 1,260               | -            |
| \$ <u>374,279</u>                           | \$ <u>10,914</u> | \$ <u>1,273,445</u> | \$ <u>-</u>  |
| <u>125,000</u>                              | \$ <u>-</u>      | \$ <u>125,000</u>   | \$ <u>-</u>  |

See accompanying notes.

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**CITY OF ELKO**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2011**

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|                          | AGENCY<br>FUND           |
|--------------------------|--------------------------|
| ASSETS                   |                          |
| Cash and investments     | \$ 216,016               |
| Interest receivable      | 149                      |
| Room taxes receivable    | <u>18,836</u>            |
| Total Assets             | <u><u>235,001</u></u>    |
| LIABILITIES              |                          |
| Accounts payable         | 67                       |
| Due to other governments | <u>234,934</u>           |
| Total Liabilities        | <u><u>\$ 235,001</u></u> |

See accompanying notes.

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**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the City of Elko, State of Nevada (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the more significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**REPORTING ENTITY:**

The City of Elko was incorporated April 15, 1917. The City is a municipal corporation governed by an elected mayor and four members of the City Council. The City is fiscally independent of all other governmental entities and is not a component unit of another entity.

In accordance with GASB Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14" the financial statements present the reporting entity, which consists of the primary government and organizations for which the primary government is financially accountable.

The following component unit has been presented as a blended component unit because the component units governing body is substantially the same as the governing body of the City:

The Elko Redevelopment Agency

Although legally separate from the City of Elko, the Elko Redevelopment Agency is included in the City's reporting entity because of the significance of its operational and financial relationship to the City.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. Eliminations have been made to minimize the double-counting of internal activities. Services provided by the General Fund to other funds are reported as expenditures or expenses, as appropriate, in the funds receiving the services and as reductions of expenditures in the General Fund. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a function or business-type activity are offset by program revenues. Direct expenses are those that are associated with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants, contributions and interest income that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services and operating expenses, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings and nonoperating expenses result from nonexchange transactions or ancillary activities.



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**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:**

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Funds*, the City applies all applicable FASB Statements and Interpretations, APB Opinions and ARBs issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The City elected not to apply FASB pronouncements issued after November 30, 1989.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *measurable* when the amount of the transaction can be determined and *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, postemployment benefits and claims and judgments, are recorded only when payment is due.

Property taxes, consolidated tax revenue (sales taxes, cigarette taxes, government services tax, and liquor taxes), gaming taxes, gasoline taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, franchise fees, charges for services and fines and forfeits are not susceptible to accrual because generally they are not measurable until received in cash.

Property tax revenue is recognized in the fiscal year in which the taxes become due to the extent they are collected during the fiscal year or soon enough thereafter that they can be used to finance current period expenditures.

The City reports deferred revenue in the fund financial statements balance sheets. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Expenses relating to the functional activities include allocated indirect expenses.

As a general rule, the effect of interfund activity has been eliminated from the government wide and proprietary fund financial statements. Exceptions to this general rule are charges between the government's proprietary funds for use of services. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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The **Recreation Fund** is a special revenue fund used to account for room tax monies received for the purposes of providing recreation improvements.

The **Capital Construction Fund** is used to account for projects financed from property taxes, land sales, and operating transfers.

The City reports the following major enterprise funds:

The **Water Fund** accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operating, maintenance, and billing and collection.

The **Sewer Fund** accounts for the provision of sanitary sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

The **Airport Fund** accounts for the operation of the Elko Regional Airport. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance and improvement, financing and related debt service, and billing and collection (including collection of passenger facility charges).

The **Landfill Fund** accounts for the operation of the regional landfill. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Additionally, the City reports the following fund type:

**Agency Funds** are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agent capacity.

**CASH, CASH EQUIVALENTS AND INVESTMENTS:**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk in changes of value. Cash balances from all funds are combined and, to the extent practicable, invested by the City administration as permitted by law. Investments are recorded at fair value. The City of Elko invests in part of the State of Nevada Local Government Investment Pool, which has regulatory oversight from the Board of Finance for the State of Nevada. All interest earned on these investments is recognized in the General Fund, except for amounts credited to certain other funds in accordance with law, contract and City policy.

State statutes authorize the City to invest in obligations of the U.S. Treasury; certain farm loan bonds; certain securities issued by Nevada local governments and other state and local governments; certain obligations of an Agency of the United States or a corporation sponsored by the government; certain repurchase agreements; certain bankers acceptances; certain commercial paper; and certain negotiable certificates of deposits and money market mutual funds, as well as the State of Nevada Local Government Investment Pool.

The following investments are allowed but must not exceed 20% of the total portfolio at the purchase date and 25% of such investments may not be in notes, bonds or unconditional obligations issued by any one corporation:

- Certain notes, bonds and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States.

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**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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- Collateralized mortgage obligations "AAA" rated.
- Asset-backed securities "AAA" rated.

Bond covenants require resources be set aside to make future debt payments, these are reported as restricted cash.

**RECEIVABLES AND PAYABLES:**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). All such balances within the governmental activities or business-type activities are eliminated in the government-wide statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

No allowance for doubtful accounts receivable has been established since management does not anticipate any material collection loss with respect to the balances shown as accounts receivable.

**PROPERTY TAXES:**

All real property within the City of Elko is assigned a parcel number by the County Assessor in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The property and its improvements are being assessed at 35% of "taxable value" as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located. The maximum tax rate was established in the State Constitution at \$5 per \$100 of assessed valuation; however, as a result of legislative action, the tax rate was further limited to \$3.64 per \$100 of assessed valuation, except in cases of severe financial emergency as defined by NRS 354.705. In 2005 the Nevada State Legislature passed Assembly Bill 489 which provides for a partial abatement of the ad valorem taxes levied on qualified property. For qualified property, the abatement will limit the increase of property taxes based on the previous year's assessed value.

Taxes on real property are a lien on the property and attach on July 1 of the year for which the taxes are levied.

Taxes may be paid in four installments, the first installment is due on the third Monday of August and the remaining three installments are payable on the first Monday in October, January and March to the Treasurer of Elko County in which the City of Elko is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two year waiting period, if the taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner or such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale. As such, real property taxes receivable reflect only those taxes receivable from the delinquent roll years, and current taxes collected within 60 days of year end and delinquent taxes from all roll years to 2009-10 have been written off. No provision for uncollectable accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually by the County and the tax is computed using percentages of taxable values established by the Department of Taxation and the tax rates described above.

**INVENTORIES AND PREPAID ITEMS:**

Inventories for the Proprietary Funds and the General Fund are valued at cost on a first-in, first-out basis. Inventories of all other governmental funds are recorded as expenditures when consumed rather than purchased.

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**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**CAPITAL ASSETS:**

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets with an initial cost of \$5,000 or more and an estimated useful life of more than three years. All purchased capital assets are valued at cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded at cost including capitalized interest incurred during the construction phase on debt-financed projects for business-type activities. Depreciation is computed using the straight-line method for all assets over the following estimated useful lives:

|                                   |                 |
|-----------------------------------|-----------------|
| Buildings                         | 8 to 100 years  |
| Improvements other than buildings | 8 to 100 years  |
| Machinery and equipment           | 5 to 60 years   |
| Infrastructure                    | 10 to 100 years |

**COMPENSATED ABSENCES:**

The liability for compensated absences is calculated under the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. All vacation time, sick leave benefits and compensatory time costs are accrued and recognized as expenses when earned, to the extent it is likely the City will ultimately pay those benefits. The costs of unused vacation and sick leave are not recorded in the governmental fund financial statements but are in the government-wide financial statements.

**LONG-TERM DEBT:**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related bond.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of bonds issued is reported as other financing sources, as are bond premiums. Bond discounts are recorded as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**EQUITY CLASSIFICATIONS:**

In the government-wide statements, equity is classified as net assets and displayed in three components:

- **Invested in Capital Assets, Net of Related Debt** – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted Net Assets** – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or law or regulations of other

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**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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governments; (2) law through constitutional provisions or enabling legislation. Net assets restricted for capital projects consists of the ending fund balance in the Ad Valorem Capital Projects Fund.

- **Unrestricted Net Assets** – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the governmental fund financial statements, fund equity is classified as fund balance. The City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010. Fund balance components are based primarily on a hierarchy designed to reflect constraints on the use of those amounts. Fund balance is further classified in the following components:

- **Nonspendable** – Amounts that cannot be spent because they are not spendable in form or are legally or contractually required to be maintained intact.
- **Restricted** – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the law or regulations of other governments.
- **Committed** – Amounts that can only be used for specific purposes. Committed fund balance is established and may only be changed pursuant to ordinances passed by the City Council, which is the City of Elko’s highest level of decision making authority.
- **Assigned** – Amounts that the City of Elko intends to use for a specific purpose, that do not meet the definition of restricted or committed fund balance. Under the City’s adopted policy, amounts may be assigned by the Director of Administrative Services and reviewed and approved by the City Manager. Any funds assigned must be reported to the City Council at their next regular meeting.
- **Unassigned** – all other spendable amounts in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless, the City Council has provided otherwise in its commitment or assignment actions.

**USE OF ESTIMATES:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**COMPARATIVE DATA/RECLASSIFICATIONS:**

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.



**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

**EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS:**

The governmental fund balance sheet includes a reconciliation between *total fund balances – governmental funds* and *total net assets of governmental activities*. One element of that reconciliation explains that long-term liabilities and the related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds. The details of the net difference follows:

|   |                        |
|---|------------------------|
| Bonds payable, inclusive of bond premium          | \$ (12,386,539)        |
| Accrued interest                                  | (95,583)               |
| Bond issuance costs                               | 455,199                |
| Compensated absences                              | (1,217,397)            |
| Net OPEB liability                                | <u>(2,046,705)</u>     |
| Net Difference in Reporting Long-Term Liabilities | <u>\$ (15,291,025)</u> |

**EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference follows:

|  |                     |
|--|---------------------|
| Capital outlay                                     | \$ 3,398,852        |
| Depreciation expense                               | <u>(1,571,192)</u>  |
| Net Difference in Reporting Capital Asset Activity | <u>\$ 1,827,660</u> |

Another element of that reconciliation states the “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference follows:

|   |                        |
|---|------------------------|
| Net change in accrued interest                          | \$ 89,852              |
| Net change in compensated absences                      | (32,390)               |
| Proceeds from general obligation bond                   | 10,500,000             |
| Premium on general obligation bond                      | 296,539                |
| Bond issuance costs                                     | (455,199)              |
| Principal repayments:                                   |                        |
| General obligation debt                                 | <u>(75,000)</u>        |
| Net Difference in Reporting Long-Term Debt Transactions | <u>\$ (10,323,802)</u> |

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**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**BUDGETARY INFORMATION:**

The City of Elko adheres to the Local Government Budget and Finance Act incorporated within state statutes, which includes the following major procedures to establish the budgetary data, which is reflected in these financial statements.

1. On or before April 15, the City Council files a tentative budget with the Nevada Department of Taxation for all funds other than Agency Funds, which are not required to be budgeted.
2. Public budget hearings on the tentative budget are held on the third Tuesday in May.
3. On or before June 1, at a public hearing, the Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the City Council. The final budget must then be forwarded to the Nevada Department of Taxation for review and approval.
4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). All appropriations lapse at year end.
6. Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers must be approved by the budget officer and/or the City Council, depending on established criteria. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the City Council, following a scheduled and noticed public hearing for those funds which have ad valorem tax allocated as a source of revenue. For all other funds the City Council must approve the budget augmentation with a majority vote and adopt a resolution providing therefore.
7. The above dates may be adjusted as necessary during legislative years.
8. The budget amounts reflected in the financial statements have been amended from the original amounts in accordance with the above procedures.

In accordance with state statute, actual expenditures may not exceed budgeted appropriations of the various governmental functions (excluding the debt service function) of the General Fund, Special Revenue Funds and Capital Project Funds. Per NRS 354.626, expenditures over budgeted appropriations are allowed for bond repayments, medium term obligation repayments, and other long-term contracts expressly authorized by law. For Proprietary Funds, the sum of operating and nonoperating expenses may not exceed the sum of budgeted operating and nonoperating expenses.

**EXCESS OF EXPENDITURES/EXPENSES OVER APPROPRIATIONS:**

Total expenditures exceeded those budgeted for the year in the following funds:

|  |        |
|--|--------|
| Revenue Stabilization Fund (general government function) | \$ 418 |
| Capital Equipment Reserve Fund                           | 2,280  |

The above are potential violations of Nevada Revised Statute 354.626. The City plans to monitor expenditures/expenses in 2011-2012 to help prevent potential violations.

**DEFICIT FUND BALANCES:**

As of June 30, 2011 the Narcotics Task Force Fund has a deficit fund balance of \$849.

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**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE 4 - EQUITY IN POOLED CASH, DEPOSITS AND INVESTMENTS:**

The City maintains a cash and investment pool that is available for use by all funds. A summary schedule of cash and investments for the City of Elko at June 30, 2011, is as follows:

Balances Classified by Depository and Category:

|   |    |                   |
|---|----|-------------------|
| Cash on hand                                    | \$ | 2,890             |
| Deposits:                                       |    |                   |
| U.S. Bank:                                      |    |                   |
| Demand deposit                                  |    | 18,628,565        |
|   |    | <u>19,266,395</u> |
| Investments:                                    |    |                   |
| Nevada State Treasurer:                         |    |                   |
| NVest   |    | 5,000,000         |
| Local Government Pooled Investment Fund (LGIP)  |    | 9,000,000         |
|   |    | <u>32,631,455</u> |
|   | \$ |                   |
| Governmental Activities – cash and investments  | \$ | 15,125,450        |
| Business-type Activities – cash and investments |    | 16,830,079        |
| Business-type Activities – restricted cash      |    | 165,870           |
| Governmental Activities – restricted cash       |    | 294,040           |
| Fiduciary Funds                                 |    | 216,016           |
|   |    | <u>32,631,455</u> |
|   | \$ |                   |



**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

As of June 30, 2011, the City of Elko had the following investment and maturities:

| <u>Investment Type</u> | <u>Fair Value</u>    | <u>Less than 1 Year</u> | <u>1-5 Years</u>    |
|------------------------|----------------------|-------------------------|---------------------|
| LGIP                   | \$ 9,000,000         | \$ 9,000,000            | \$ -                |
| U.S. Agencies          | 2,990,490            | 2,007,343               | 983,147             |
| U.S. Treasury Notes    | 2,009,510            | 1,509,024               | 500,486             |
|                        | <u>\$ 14,000,000</u> | <u>\$ 12,516,367</u>    | <u>\$ 1,486,633</u> |

The City is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the Board of Finance of the State of Nevada. The City's investment in the LGIP is equal to its original investment plus monthly allocations of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares. The City's investment in the LGIP is reported at fair value.

Nevada Revised Statutes (NRS 355.170) sets forth acceptable investments for Nevada local governments. The City has not adopted a formal investment policy that would further limit its investment choices nor further limit its exposure to certain risks as set forth below.

*Interest rate risk* – the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above, the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statute.

*Credit risk* – the risk that an issuer or other counterparty to an investment will not fulfill its obligation and its function of the credit quality rating of its investments. The City's investment policy does not specify minimum acceptable credit rating further than those listed in state statutes. The LGIP is an unrated external investment pool that specifies minimum acceptable credit ratings for its investments.

*Custodial Credit Risk* – the risk that in the event of a bank failure, the City's deposits may not be returned. The City's bank deposits are either covered by Federal Deposit Insurance Corporation (FDIC) or are collateralized by the office of the State Treasurer/Nevada Collateral Pool. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of outside parties.

**NOTE 5 – INTERFUND BALANCES:**

The composition of interfund transfers as of June 30, 2011 is as follows:

| <u>Fund</u>                           | <u>Transfers Out</u> | <u>Transfers In</u> |
|---------------------------------------|----------------------|---------------------|
| General Fund                          | \$ 97,631            | \$ 801,168          |
| Recreation Fund                       | 743,187              | -                   |
| Nonmajor Governmental Funds           | 567,315              | 156,695             |
| Airport Fund                          | -                    | 405,880             |
| Internal Service Fund                 | 1,168                |                     |
| Nonmajor Enterprise Funds – Golf Fund | -                    | 45,558              |
|                                       | <u>\$ 1,409,301</u>  | <u>\$ 1,409,301</u> |

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use revenues collected in the various funds to finance programs accounted for in other funds in accordance with budgetary authorization.

**NOTE 6 – AD VALOREM CAPITAL PROJECTS FUND:**

Pursuant to NRS 354.598155, the City of Elko is required to provide the Ad Valorem Capital Projects Fund expenditures. For June 30, 2011, \$148,868 was expended for traffic signal upgrades.

**NOTE 7 – FUND BALANCES – GOVERNMENTAL FUNDS:**

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010.

As of June 30, 2011, fund balances are composed of the following:

|   | General Fund        | Recreation<br>Fund | Capital<br>Construction<br>Fund | Other<br>Governmental<br>Funds |
|---|---------------------|--------------------|---------------------------------|--------------------------------|
| Nonspendable                              |                     |                    |                                 |                                |
| Inventory                                 | \$ 29,877           | \$ -               | \$ -                            | \$ -                           |
| Restricted:                               |                     |                    |                                 |                                |
| Debt Service                              | 103,798             | 12,158             | -                               | 178,665                        |
| Grants / Seizure Funds –<br>public safety | 85,708              | -                  | -                               | -                              |
| Redevelopment Agency                      | -                   | -                  | -                               | 251,257                        |
| Capital Projects                          | -                   | -                  | -                               | 391,668                        |
| Public Safety                             | -                   | -                  | -                               | 87,032                         |
| Committed:                                |                     |                    |                                 |                                |
| Parks and Recreation                      | -                   | -                  | -                               | 83,890                         |
| Capital Projects                          | -                   | 515,670            | 9,480,214                       | 409,737                        |
| Debt service                              | -                   | 147,000            | -                               | -                              |
| Assigned for 2011-12                      |                     |                    |                                 |                                |
| Budget Shortfall                          | 640,988             | -                  | -                               | -                              |
| Unassigned                                | 3,356,850           | -                  | -                               | (849)                          |
| Total fund balances                       | <u>\$ 4,217,221</u> | <u>\$ 674,828</u>  | <u>\$ 9,480,214</u>             | <u>\$ 1,401,400</u>            |

**NOTE 8 - LANDFILL FUND CLOSURE AND POSTCLOSURE CARE COSTS:**

State and federal laws and regulations require the City of Elko to place a final cover and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Each year the City reassesses the life of the landfill using an airspace volumetric topographical survey, which resulted in an expected landfill closure in the year 2092. Based on this survey, an estimate of 16% of the landfill has been used. The City purchased insurance to cover the costs of closure and post-closure of the landfill. The City is obligated under the insurance policy to pay an annual premium of \$91,227 over 15 years through 2011. At June 30, 2011, financial assurance relative to costs of closure and post-closure of the landfill was fulfilled through insurance coverage (NAC 444.6855).

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 was as follows:

|  | Balance<br>June 30, 2010 | Prior Period<br>Adjustment |
|--|--------------------------|----------------------------|
| <b>Governmental Activities:</b>              |                          |                            |
| Capital assets, not being depreciated:       |                          |                            |
| Land   | \$ 1,261,998             | \$ -                       |
| Construction in progress                     | 1,465,750                | -                          |
| Total capital assets, not being depreciated  | <u>2,727,748</u>         | <u>-</u>                   |
| Capital assets, being depreciated:           |                          |                            |
| Buildings                                    | 5,633,403                | -                          |
| Improvements other than buildings            | 6,334,912                | -                          |
| Equipment and motor vehicles                 | 8,544,885                | 5,442                      |
| Infrastructure                               | 22,121,511               | -                          |
| Total capital assets, being depreciated      | <u>42,634,711</u>        | <u>5,442</u>               |
| Less accumulated depreciation for:           |                          |                            |
| Buildings                                    | 1,822,641                | -                          |
| Improvements other than buildings            | 1,653,394                | -                          |
| Equipment and motor vehicles                 | 3,503,134                | 5,442                      |
| Infrastructure                               | 9,850,327                | -                          |
| Total accumulated depreciation               | <u>16,829,496</u>        | <u>5,442</u>               |
| Total capital assets, being depreciated, net | <u>25,805,215</u>        | <u>-</u>                   |
| Governmental activities capital assets, net  | <u>\$ 28,532,963</u>     | <u>\$ -</u>                |
| <b>Business-Type Activities:</b>             |                          |                            |
| Capital assets, not being depreciated:       |                          |                            |
| Land and water rights                        | \$ 1,257,042             | \$ -                       |
| Construction in progress                     | 789,211                  | (48,615)                   |
| Total capital assets, not being depreciated  | <u>2,046,253</u>         | <u>(48,615)</u>            |
| Capital assets, being depreciated:           |                          |                            |
| Buildings                                    | 9,683,435                | -                          |
| Improvements other than buildings            | 57,860,306               | -                          |
| Machinery and equipment                      | 9,824,226                | -                          |
| Infrastructure                               | 40,981,208               | -                          |
| Total capital assets, being depreciated      | <u>118,349,175</u>       | <u>-</u>                   |
| Less accumulated depreciation for:           |                          |                            |
| Buildings                                    | 2,780,795                | -                          |
| Improvements other than buildings            | 28,118,207               | -                          |
| Machinery and equipment                      | 4,142,734                | -                          |
| Infrastructure                               | 15,327,771               | -                          |
| Total accumulated depreciation               | <u>50,369,507</u>        | <u>-</u>                   |
| Total capital assets, being depreciated, net | <u>67,979,668</u>        | <u>-</u>                   |
| Business-type activities capital assets, net | <u>\$ 70,025,921</u>     | <u>\$ (48,615)</u>         |

| Revised July 1,<br>2010 Balance | Additions and<br>Transfers In | Deletions and<br>Transfers Out | Completed<br>Construction | Balance<br>June 30, 2011 |
|---------------------------------|-------------------------------|--------------------------------|---------------------------|--------------------------|
| \$ 1,261,998                    | \$ -                          | \$ -                           | \$ -                      | \$ 1,261,998             |
| 1,465,750                       | 2,291,393                     | -                              | (977,293)                 | 2,779,850                |
| 2,727,748                       | 2,291,393                     | -                              | (977,293)                 | 4,041,848                |
| 5,633,403                       | -                             | -                              | -                         | 5,633,403                |
| 6,334,912                       | 120,587                       | (100,788)                      | 427,195                   | 6,781,906                |
| 8,550,327                       | 526,530                       | (299,761)                      | 155,365                   | 8,932,461                |
| 22,121,511                      | 783,223                       | -                              | 394,733                   | 23,299,467               |
| 42,640,153                      | 1,430,340                     | (400,549)                      | 977,293                   | 44,647,237               |
| 1,822,641                       | 99,654                        | -                              | -                         | 1,922,295                |
| 1,653,394                       | 198,831                       | (100,788)                      | -                         | 1,751,437                |
| 3,508,576                       | 472,360                       | (299,761)                      | -                         | 3,681,175                |
| 9,850,327                       | 800,215                       | -                              | -                         | 10,650,542               |
| 16,834,938                      | 1,571,060                     | (400,549)                      | -                         | 18,005,449               |
| 25,805,215                      | (140,720)                     | -                              | 977,293                   | 26,641,788               |
| \$ 28,532,963                   | \$ 2,150,673                  | \$ -                           | \$ -                      | \$ 30,683,636            |
| \$ 1,257,042                    | \$ -                          | \$ -                           | \$ -                      | \$ 1,257,042             |
| 740,596                         | 2,904,536                     | -                              | (2,725,464)               | 919,668                  |
| 1,997,638                       | 2,904,536                     | -                              | (2,725,464)               | 2,176,710                |
| 9,683,435                       | -                             | -                              | -                         | 9,683,435                |
| 57,860,306                      | 279,279                       | (6,269,898)                    | 1,857,021                 | 53,726,708               |
| 9,824,226                       | 1,080,787                     | (459,500)                      | -                         | 10,445,513               |
| 40,981,208                      | -                             | -                              | 868,443                   | 41,849,651               |
| 118,349,175                     | 1,360,066                     | (6,729,398)                    | 2,725,464                 | 115,705,307              |
| 2,780,795                       | 616,405                       | -                              | -                         | 3,397,200                |
| 28,118,207                      | 1,558,865                     | (6,269,898)                    | -                         | 23,407,174               |
| 4,142,734                       | 448,493                       | (196,668)                      | -                         | 4,394,559                |
| 15,327,771                      | 1,763,146                     | -                              | -                         | 17,090,917               |
| 50,369,507                      | 4,386,909                     | (6,466,566)                    | -                         | 48,289,850               |
| 67,979,668                      | (3,026,843)                   | (262,832)                      | 2,725,464                 | 67,415,457               |
| \$ 69,977,306                   | \$ (122,307)                  | \$ (262,832)                   | \$ -                      | \$ 69,592,167            |

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**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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Depreciation expense was charged to functions/programs of the government as follows:

**Governmental Activities:**

|                        |                  |
|------------------------|------------------|
| General government     | \$ 71,662        |
| Public safety          | 316,244          |
| Public works           | 967,852          |
| Culture and recreation | 196,167          |
| Health                 | 19,267           |
|                        | <u>1,571,192</u> |

|  |                     |
|--|---------------------|
| Total depreciation expense - governmental activities | <u>\$ 1,571,192</u> |
|--|---------------------|

**Business-Type Activities:**

|               |                  |
|---------------|------------------|
| Water Fund    | \$ 400,291       |
| Sewer Fund    | 1,361,986        |
| Airport Fund  | 2,477,808        |
| Landfill Fund | 94,547           |
| Golf Fund     | 52,277           |
|               | <u>4,386,909</u> |

|   |                     |
|---|---------------------|
| Total depreciation expense - business-type activities | <u>\$ 4,386,909</u> |
|---|---------------------|

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 10 - CHANGES IN LONG-TERM DEBT:**

|   | <u>DATE OF<br/>ISSUE</u> | <u>ORIGINAL<br/>ISSUE<br/>AMOUNT</u> | <u>INTEREST<br/>RATE</u> |
|---|--------------------------|--------------------------------------|--------------------------|
| <u>Governmental Activities:</u>   |                          |                                      |                          |
| General Obligation Bonds:   |                          |                                      |                          |
| General Government:   |                          |                                      |                          |
| 2005 Limited Tax Facilities Recreational Bonds<br>(secured by pledged revenues) | 8/25/2005                | 2,000,000                            | 4.00%                    |
| 2010 Limited Tax Street Bonds<br>(secured by pledged revenues)                  | 10/5/2010                | 10,500,000                           | 3.70%                    |
|   |                          | <u>12,500,000</u>                    |                          |
| Bond premium - 2010 Limited Tax Street Bonds                                    | N/A                      | N/A                                  | N/A                      |
| Compensated absences  | N/A                      | <u>N/A</u>                           | N/A                      |
| Total Governmental Activities   |                          | <u>12,500,000</u>                    |                          |
| <u>Business-Type Activities:</u>  |                          |                                      |                          |
| General Obligation (Limited Tax) Bonds:   |                          |                                      |                          |
| Airport Fund:   |                          |                                      |                          |
| Airport Improvement Bonds, Series 2009A and Series 2009B                        | 12/1/2009                | 3,735,000                            | 2.00% to 5.50%           |
| General Obligation (Limited Tax) Revenue Bonds:                                 |                          |                                      |                          |
| Sewer Fund:   |                          |                                      |                          |
| Sewer Bond, Series 1998   | 8/14/1998                | 4,000,000                            | 3.23%                    |
|   |                          | <u>7,735,000</u>                     |                          |
| Bond discount - Airport Improvement Bonds                                       | N/A                      | N/A                                  | N/A                      |
| Compensated absences  | N/A                      | <u>N/A</u>                           | N/A                      |
| Total Business-Type Activities  |                          | <u>7,735,000</u>                     |                          |
| Total Debt  |                          | <u><u>\$ 20,235,000</u></u>          |                          |

| <u>FINAL<br/>MATURITY<br/>DATE</u> | <u>PRINCIPAL<br/>OUTSTANDING<br/>JULY 1, 2010</u> | <u>ISSUED<br/>DURING<br/>PERIOD</u> | <u>PRINCIPAL<br/>PAID<br/>DURING<br/>PERIOD</u> | <u>PRINCIPAL<br/>OUTSTANDING<br/>JULY 1, 2011</u> | <u>PRINCIPAL<br/>DUE IN<br/>2011 - 2012</u> |
|------------------------------------|---|-------------------------------------|---|---|---|
| 6/1/2025                           | 1,665,000   | -                                   | 75,000  | 1,590,000   | 80,000                                      |
| 10/1/2030                          | -   | 10,500,000                          | -   | 10,500,000  | 385,000                                     |
|                                    | 1,665,000   | 10,500,000                          | 75,000  | 12,090,000  | 465,000                                     |
| N/A                                | -   | 296,539                             | -   | 296,539   | -   |
| N/A                                | 1,249,787   | 950,689                             | 983,079   | 1,217,397   | 700,404                                     |
|                                    | 2,914,787   | 11,747,228                          | 1,058,079                                       | 13,603,936  | 1,165,404                                   |
| 10/1/2026                          | 3,735,000   | -                                   | 160,000   | 3,575,000   | 165,000                                     |
| 7/1/2018                           | 1,983,511   | -                                   | 221,040   | 1,762,471   | 228,237                                     |
|                                    | 5,718,511   | -                                   | 381,040   | 5,337,471   | 393,237                                     |
| N/A                                | (35,594)  | -                                   | (2,044)   | (33,550)  | -   |
| N/A                                | 260,267   | 195,065                             | 174,451   | 280,879   | 143,155                                     |
|                                    | 5,943,184   | 195,065                             | 553,447   | 5,584,800   | 536,392                                     |
|                                    | <u>\$ 8,857,971</u>                               | <u>\$ 11,942,293</u>                | <u>\$ 1,611,526</u>                             | <u>\$ 19,188,736</u>                              | <u>\$ 1,701,796</u>                         |



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**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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On December 1, 2009, the City issued \$1,830,000 in General Obligation (Limited Tax) Airport Refunding Bonds, Series 2009A, with an interest rate ranging from 2.00 to 4.75 percent and \$1,905,000 in General Obligation (Limited Tax) Airport Refunding Bonds, Series 2009B, with an interest rate ranging from 4.00 to 5.50 percent. Final payments for Series 2009A and Series 2009B Bonds are due on October 1, 2026. A portion of the proceeds, together with other available funds, were used to currently refund the \$2,490,000 aggregate principal amount of the General Obligation (Limited Tax) Airport Improvement Bonds, Series 1999A and \$1,175,000 aggregate principal amount of the General Obligation (Limited Tax) Airport Improvement Bonds, Series 1999B.

The City is amortizing the Series 2009A and Series 2009B bond costs on a straight-line basis over the life of the bonds. Amortization of bond costs follow:

|                                | <u>June 30, 2011</u> |
|--------------------------------|----------------------|
| Original                       | \$ 89,297            |
| Less: Accumulated amortization | <u>7,855</u>         |
| Net                            | <u>\$ 81,442</u>     |

On October 5, 2010 the City issued \$10,500,000 in General Obligation (Limited Tax) Street Bonds, Series 2010, with an interest rate of 3.7%. Final payments for Series 2010 Street Bonds are due in October 2030. The bonds are to be used for the Idaho and 12th Street Road Improvement Project.

The bond issuance resulted in a bond premium of \$296,539 which the City is amortizing over the life of the bonds on a straight-line basis. The City is amortizing the Series 2010 Street Bond costs on a straight-line basis over the life of the bonds. Amortization of bond costs follow:

|                                | <u>June 30, 2011</u> |
|--------------------------------|----------------------|
| Original                       | \$ 455,199           |
| Less: Accumulated amortization | <u>-</u>             |
| Net                            | <u>\$ 455,199</u>    |

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

The annual requirements to amortize all debt outstanding as of June 30, 2011, are as follows:

| Year<br>Ended<br>June 30, | General Obligation (Limited Tax)<br>Supported by Specific Revenues |                     |
|---------------------------|--|---------------------|
|                           | Principal  | Interest            |
| Governmental Activities:  |  |                     |
| 2012                      | \$ 465,000   | \$ 422,324          |
| 2013                      | 480,000  | 411,324             |
| 2014                      | 495,000  | 399,924             |
| 2015                      | 505,000  | 388,174             |
| 2016                      | 520,000  | 375,812             |
| 2017-2021                 | 2,905,000  | 1,586,175           |
| 2022-2026                 | 3,350,000  | 992,808             |
| 2027-2031                 | 3,370,000  | 348,000             |
|                           | <u>\$ 12,090,000</u>   | <u>\$ 4,924,541</u> |
| Business-type Activities: |  |                     |
| 2012                      | 393,237  | 220,705             |
| 2013                      | 405,668  | 207,423             |
| 2014                      | 423,342  | 193,399             |
| 2015                      | 431,265  | 178,501             |
| 2016                      | 449,447  | 162,801             |
| 2017-2021                 | 1,604,512  | 580,983             |
| 2022-2026                 | 1,325,000  | 264,109             |
| 2027-2031                 | 305,000  | 8,265               |
|                           | <u>\$ 5,337,471</u>  | <u>\$ 1,816,186</u> |
|                           | <u>\$ 17,427,471</u>   | <u>\$ 6,740,727</u> |

Compensated absences and postemployment benefits typically have been liquidated by the General and Enterprise Funds.

The City is in compliance with all significant limitations and restrictions contained in the various bond indentures.

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2011.

To provide for the next year payment of principal and interest for the \$2,000,000 2005 Limited Tax Facilities Recreational Bond, the City has pledged their room tax monies. The proceeds from this bond were used to help cover capital costs at the California Trails Interpretive Center. The bonds are payable solely from the City of Elko's 4% portion of the room tax revenue. The room tax funds were projected to produce 529% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$2,141,164, payable through June 2025. For the current year, principal and interest paid and total incremental room tax revenues were \$143,768 and \$967,631, respectively.

To provide for the next year payment of principal and interest for the Series 2009A and 2009B \$3,735,000 Airport Improvement Bonds, the City has pledged their room tax monies. The bonds are payable from the City of Elko's 2% portion of the room tax revenue. The 2% room tax is in addition to the 4% room tax for the California Trail Interpretive Center Facilities Recreational Bond. The room tax funds were projected to produce 121% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$5,170,302, payable through October 2026. For the current year, principal and interest paid and total incremental room tax revenues were \$329,680 and \$483,816, respectively.

To provide for the next year payment of principal and interest for the Series 2010 Limited Tax Street Bonds, the City has pledged 15% of consolidated tax monies. The proceeds from this bond were used to cover the costs of the Idaho and 5th Street Reconstruction costs. The consolidated tax funds were projected to produce 1.76% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$14,873,377, payable through October 2030. For the current year, principal and interest paid and total incremental 15% of consolidated tax revenues were \$176,179 and \$1,652,398, respectively.

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 11 - RETIREMENT PLAN:**

Plan Description - The City of Elko contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

Funding Policy - Plan members' benefits are funded under the employer pay contribution plan, where the City is required to contribute all amounts due under the plan. The contribution requirements of plan members and the City are established by Chapter 286 of the Nevada Revised Statutes. Funding requirements may only be amended through legislation. The City's contribution rates and amounts contributed, which equaled required contributions, for the last three years are as follows:

| <u>Fiscal Year</u> | <u>Regular<br/>Members</u> | <u>Police and<br/>Fireman</u> | <u>Total<br/>Contribution</u> |
|--------------------|----------------------------|-------------------------------|-------------------------------|
| 2010-11            | 21.50%                     | 37.00%                        | \$ 2,494,124                  |
| 2009-10            | 21.50%                     | 37.00%                        | 2,512,120                     |
| 2008-09            | 20.50%                     | 33.50%                        | 2,228,048                     |

**NOTE 12 - DEFERRED COMPENSATION PLAN:**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Investments are managed by the plan's trustee under one of five investment options, or a combination thereof. The choice of the investment option is made by the participants. The assets of the plan are held in trust and for the exclusive benefits of plan participants and their beneficiaries. Therefore, in accordance with GASB 32, the assets are not recorded as an Agency Fund of the City.

**NOTE 13 - RISK MANAGEMENT:**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters, as are all entities.

The City has joined together with similar public agencies (cities, counties and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (Pool) is a public entity risk pool currently operating as a common risk management and insurance program for its members.

The City pays an annual premium and specific deductibles, as necessary, to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$10,000,000 general aggregate per member. Property, crime and equipment breakdown is provided to its members up to \$300,000,000 per loss with various sublimits established for earthquake, flood, equipment breakdown and money and securities.

In addition, the City carries an airport liability policy and a workers compensation policy through a third party carrier.

Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 14 – POSTEMPLOYMENT HEALTHCARE PLANS:**

Plan Description: The City of Elko has elected to join the State of Nevada Public Employees Benefit Plan for both active and retired City employees. The City subsidizes eligible retirees' contributions to the Public Employees' Benefits Plan (PEBP), an agent multiple-employer defined benefit postemployment healthcare plan administered by the State of Nevada. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. Participants may choose between PPO and HMO plans. Current benefits include health, vision, dental, prescription and life insurance. City employees who meet the eligibility requirements for retirement within the Nevada Public Employee Retirement System have the option upon retirement to enroll in coverage under the PEBP and the subsidy provided by the City is determined by their number of years of City service.

The PEBP issues a publicly available financial report that includes financial statements. That report may be obtained by writing to Public Employee's Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV 89701, by calling (775)684-7000, or by accessing the website at [www.pebp.state.nv.us/informed/financial.htm](http://www.pebp.state.nv.us/informed/financial.htm).

Funding Policy: NRS 287.046 establishes the subsidies to be contributed toward the premium costs of eligible retired City employees. Plan members receiving benefits have their monthly contributions deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy. The unsubsidized premiums for retirees range from \$97 to \$828 depending on the plan chosen. Retirees qualify for a subsidy of \$86 at five years of service and \$473 at 20 years of service with incremental increases for years in between. The contribution requirements of plan members and the City are established and may be amended by the PEBP board of trustees. As a participating employer, the City is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it. For fiscal year 2011, the City contributed \$306,222 to the PEBP plan for the retired employees, equal to its required contributions. The City did not prefund any future benefits.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

For fiscal year 2011 the City's annual OPEB cost (expense) of \$1,157,460 for the PEBP was equal to the ARC plus interest and ARC adjustments. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and 2010 are as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost<br/>(Projected Unit<br/>Credit Cost Method)</u> | <u>Employer<br/>Contributions</u> | <u>% of Annual OPEB<br/>Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|---|-----------------------------------|--|----------------------------|
| June 30, 2011            | \$1,157,460   | \$306,222                         | 26.46%                                       | \$2,612,179                |
| June 30, 2010            | \$1,181,575   | \$285,675                         | 24.18%                                       | \$1,760,941                |
| June 30, 2009            | \$1,183,964   | \$318,923                         | 26.9%  | \$ 865,041                 |

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation to the PEBP:

|  |              |
|--|--------------|
| Annual required contribution               | \$ 1,183,964 |
| Interest on net OPEB obligation            | 88,047       |
| Adjustment to annual required contribution | (114,551)    |
| Annual OPEB cost (expense)                 | 1,157,460    |
| Contribution made                          | (306,222)    |
| Increase in net OPEB obligations           | 851,238      |
| Net OPEB obligation, beginning of year     | 1,760,941    |
| Net OPEB obligation, end of year           | \$ 2,612,179 |

**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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Funded Status and Funding Progress: The City's most recent actuarial valuation was as of July 1, 2009 and as of the end of the current fiscal year the City has not prefunded any portion of the plan. The actuarial accrued liability (AAL) for benefits was \$10,927,527 and having not funded the obligation the City currently has no associated assets to offset this liability. Because of this, the unfunded actuarial accrued liability (UAAL) is equal to the AAL. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$10.1 million and the ratio of the UAAL to the covered payroll was 108%. Subsequent to the fiscal year end the City of Elko was notified of a significant drop in subsidies to be paid to PEBP. The valuation for the upcoming fiscal year, as of July 1, 2011, shows that the City's AAL has decreased to \$5,562,427, partly as a result of this reduced subsidy amount.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Multi-year data will be provided as it becomes available.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 5 percent discount rate which is a standard rate for unfunded plans such as the City's. The initial healthcare trend rate was 7% per year, graded down to 5% for years beginning in 2011 and thereafter. The assumptions reflect an implicit rate of general inflation of 5% per year.

The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization period is 30 years.

**NOTE 15 – STABILIZATION ARRANGEMENTS:**

On May 14, 2002 the City Council adopted a Revenue Stabilization Fund Policy under NRS 354.6115. A fund was established to stabilize the operations of the City and mitigate the effects of natural disasters. The monies in the fund must be used only if the total actual revenues of the City falls short of the total anticipated revenue in the General Fund for the fiscal year in which the City uses the money, or to pay expenses incurred by the City to mitigate the effects of a natural disaster. Under GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Revenue Stabilization Fund no longer meets the definition of a Special Revenue Fund and it has been combined with the General Fund.

**NOTE 16 – PRIOR PERIOD ADJUSTMENT:**

The beginning fund balance in the Business-type Activities for the Airport Fund was decreased by \$48,615 due to grant monies received in the prior year which were erroneously included as construction in progress instead of operating expenses for the year ended June 30, 2010. Therefore a prior period adjustment was recorded to reclass these monies to operating expenses.

**NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES:**

There are several lawsuits filed against the City at June 30, 2011. These lawsuits are not anticipated too materially affect the City of Elko if an unfavorable outcome is received or the entity's legal counsel cannot reasonably estimate them.

On January 9, 2002 the City of Carlin, the City of Elko and Elko County entered into a cooperative agreement to provide financial resources for the water-line extension for the University of Nevada-Reno Fire Academy located on the outskirts of the City of Carlin. The project was deemed beneficial to the economy of the three governmental entities. The water line was completed in the June 30, 2003 fiscal year and is property of the City



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**CITY OF ELKO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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of Carlin. The project was funded by a federal grant of up to \$1,000,000 obtained by the City of Carlin. This grant required matching funds of 25%. Therefore, a loan of \$350,000 was obtained by the City of Carlin from the U.S. Department of Agriculture, Rural Development Agency. The cooperative agreement provides that the City of Elko and Elko County will each reimburse the City of Carlin one-third of the annual loan payment. This loan carries a maximum interest rate of 5 1/8% per year, payable over a period of 40 years in annual payments of \$20,748. The City of Elko and Elko County have each agreed to pay the City of Carlin the maximum sum of \$6,916 per year until the loan is paid in full or for a maximum of 40 years. A surcharge fee will be charged by the City of Carlin for every water user who connects to the new water line within a period of 40 years. The proceeds collected from this fee will be used to equally reimburse the City of Elko and Elko County for any payments made by them. The surcharge fee collected by the City of Carlin for 2010-2011 was insufficient to pay the City's portion of the loan, therefore the City paid \$6,800 to the City of Carlin.

The City has a commitment on an approved contract for the biosolids dewatering channel for the rotary press for \$60,000. The project will be paid for with funds available in the Sewer Fund.

The City has a commitment on an approved contract for the Regional Road Repair for Idaho and 12<sup>th</sup> Streets, waterline upgrades and signalization upgrades. The total contract amount was approximately \$11,500,000 and \$3,290,913 has been spent as of June 30, 2011, leaving approximately \$8,200,000 remaining on the contract. The road and signalization projects will be paid for with bond proceeds in the Capital Construction Fund and the waterline upgrades will be paid for with funds available in the Water Fund.

The City has a commitment on an approved contract for the Idaho Street Phase II Waterline Improvement Project. The total contract amount was \$576,870 and no amounts have been spent as of June 30, 2011. The project will be paid for with funds available in the Water Fund.

The City has a commitment on an approved contract for the Wastewater Reclamation Facility Cleaning and Decant Basins Maintenance Project for \$122,825, no monies have been spent as of June 30, 2011. The project will be paid for with funds available in the Sewer Fund.

The City has a commitment on an approved contract for the Wastewater Reclamation Facility Biosolid Drying Beds Project for \$424,973, no monies have been spent as of June 30, 2011. The project will be paid for with funds available in the Sewer Fund.

The City has a commitment on an approved contract for the Airport Improvement Runway Pavement Maintenance Project for \$479,560, no monies have been spent as of June 30, 2011. The project will be paid for with grant monies and funds available in the Airport Fund pending FAA approval.

On June 29, 2011 the Council approved the early pay off of the Series 1998 Nevada Revolving Loan Sewer Bond for the Water Reclamation Facility \$1,762,471.

The City has a commitment on an approved contract for the Slurry Seal Project for \$214,641, no monies have been spent as of June 30, 2011. The project will be paid for with funds available in the Capital Construction Fund.

**NOTE 18 – SUBSEQUENT EVENTS:**

The City approved a contract for a regenerative air sweeper for \$213,885. The project will be paid for with funds from the Capital Equipment Fund.

The City approved a contract not to exceed \$110,000 for Phase II of the Environmental Site Assessment. The project will be paid for from the Capital Construction Fund.

In 2007, the City of Elko filed a lawsuit against a contractor, engineer/designer/program manager, and surety concerning defective concrete apron construction at the City of Elko Regional Airport. The court ruled that the correct forum was binding arbitration, and the hearing is scheduled for February 2012. From July 1, 2011 through our opinion date, the City incurred an additional \$559,776 in legal and consulting fees concerning this suit and pending arbitration. The expenses are being paid for with monies in the Airport Fund.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF ELKO**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2011**

Schedule of Funding Progress - Other Postemployment Benefits

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets (a) | Actuarial<br>Accrued<br>Liability (AAL) -<br>Projected Normal<br>Age Entry (b) | Unfunded AAL<br>(UAAL)<br>(b - a) | Funded<br>Ratio<br>(a / b) | Covered<br>Payroll (c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>([b - a] / c) |
|--------------------------------|-------------------------------------|--|-----------------------------------|----------------------------|------------------------|---|
| 7/1/2009                       | \$ -                                | \$ 10,927,597  | \$ 10,927,597                     | 0.00%                      | \$ 10,100,000          | 108.19%   |
| 7/1/2011                       | -                                   | 5,562,427  | 5,562,427                         | 0.00%                      | \$ 9,900,000           | 56.00%  |

Note: GASB 45 was prospectively implemented FYE June 30, 2009; therefore prior year information is not available.

Note: Subsequent to the fiscal year end the City of Elko was notified of a significant drop in subsidies to be paid to PEBP. Therefore the City has chosen to disclose the valuation for the upcoming fiscal year, as of July 1, 2011, which shows that the City's AAL has decreased to \$5,562,427, partly as a result of this reduced subsidy amount.



**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*  
*(Page 1 of 6)*

| REVENUES  | BUDGET           |                   | ACTUAL            |
|---|------------------|-------------------|-------------------|
|   | ORIGINAL         | FINAL             |                   |
| Taxes:  |                  |                   |                   |
| Ad valorem  | \$ 2,332,259     | \$ 2,332,259      | \$ 2,253,941      |
| Licenses and permits:                             |                  |                   |                   |
| Business licenses:                                |                  |                   |                   |
| Business licenses                                 | 403,000          | 403,000           | 389,685           |
| Liquor licenses                                   | 60,875           | 60,875            | 74,675            |
| Gambling licenses                                 | 101,500          | 101,500           | 109,919           |
| Other licenses:                                   |                  |                   |                   |
| Animal licenses                                   | 4,208            | 4,208             | 4,045             |
| Bicycle licenses                                  | 16               | 16                | 4                 |
| Franchise fees:                                   |                  |                   |                   |
| Television/Cable                                  | 108,500          | 108,500           | 104,040           |
| Natural gas                                       | 193,500          | 193,500           | 187,889           |
| Water and sewer right of way                      | 160,000          | 160,000           | 184,480           |
| Electricity                                       | 437,000          | 437,000           | 365,511           |
| Geothermal  | 3,739            | 3,739             | 4,980             |
| Telephone   | 53,315           | 53,315            | 48,235            |
| Permits:  |                  |                   |                   |
| Building permits                                  | 190,000          | 190,000           | 291,626           |
|   | <u>1,715,653</u> | <u>1,715,653</u>  | <u>1,765,089</u>  |
| Intergovernmental:                                |                  |                   |                   |
| Grants:   |                  |                   |                   |
| Juvenile justice and delinquency prevention grant | 85,060           | 85,060            | 79,937            |
| Bulletproof vest partnership program              | 35,667           | 35,667            | 4,738             |
| Traffic safety enforcement                        | 8,500            | 16,874            | 16,874            |
| Enforcement of Underage Drinking laws             | -                | 1,652             | 1,652             |
| Bomb squad grant                                  | -                | 32,226            | 32,226            |
| Emergency Management Planning Grant               | -                | 8,456             | 8,456             |
| State shared revenues:                            |                  |                   |                   |
| Fuel tax - county option                          | 105,541          | 105,541           | 108,319           |
| Fuel tax - 1.75                                   | 137,826          | 137,826           | 141,644           |
| Fuel tax - 2.35                                   | 252,251          | 252,251           | 242,055           |
| Cigarette tax                                     | 78,952           | 78,952            | 83,012            |
| Liquor tax  | 20,954           | 20,954            | 23,272            |
| Basic city / county relief tax                    | -                | 1,594,256         | 2,015,325         |
| Supplemental city / county relief tax             | 7,109,275        | 6,554,019         | 7,204,041         |
| Government services tax                           | 1,227,573        | 1,227,573         | 1,324,393         |
| SIIS  | -                | -                 | 7,832             |
| County shared revenues:                           |                  |                   |                   |
| Gaming tax  | 140,000          | 140,000           | 118,631           |
| Real property transfer tax                        | 69,911           | 69,911            | 80,812            |
| Other:  |                  |                   |                   |
| Court administrative assessments                  | 15,000           | 15,000            | 15,237            |
| Narcotics seizure revenue                         | -                | 20,546            | 20,546            |
| Local Law Enforcement Reimbursements              | 58,475           | 58,475            | 14,026            |
|   | <u>9,344,985</u> | <u>10,455,239</u> | <u>11,543,028</u> |

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VARIANCE TO  
FINAL BUDGET

2010

\$ (78,318)      \$ 2,239,938

(13,315)      333,357  
13,800      59,370  
8,419      99,029

(163)      3,545  
(12)      10

(4,460)      112,526  
(5,611)      220,543  
24,480      -  
(71,489)      409,517  
1,241      1,276  
(5,080)      52,780

101,626      199,548

49,436      1,491,501

(5,123)      84,571  
(30,929)      37,321  
-      22,682  
-      2,201  
-      68,531  
-      22,442

2,778      104,532  
3,818      139,568  
(10,196)      239,700  
4,060      83,435  
2,318      21,757  
421,069      1,648,417  
650,022      5,741,548  
96,820      1,292,726  
7,832      4,205

(21,369)      141,208  
10,901      72,109

237      11,805  
-      73,967

(44,449)      55,647

1,087,789      9,868,372

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**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*  
*(Page 2 of 6)*

|                                | BUDGET            |                   | ACTUAL            |
|--------------------------------|-------------------|-------------------|-------------------|
|                                | ORIGINAL          | FINAL             |                   |
| Charges for services:          |                   |                   |                   |
| Community development fees:    |                   |                   |                   |
| Zoning fees                    | 9,867             | 9,867             | 16,985            |
| Plan checking fees             | 135,000           | 135,000           | 106,371           |
| Other fees                     | 160               | 160               | 500               |
| Public works fees:             |                   |                   |                   |
| Street lighting fees           | 228,298           | 228,298           | 231,307           |
| Storm water management fees    | 100,000           | 100,000           | 81,265            |
| Public safety fees:            |                   |                   |                   |
| Fingerprinting fees            | 6,114             | 6,114             | 11,840            |
| Other fees                     | 46,303            | 46,303            | 95,731            |
| Recreation fees:               |                   |                   |                   |
| Swimming pool fees             | 117,390           | 118,296           | 108,330           |
| Park concession fees           | 1,010             | 1,010             | 250               |
| Park use fees                  | 12,306            | 11,400            | 16,862            |
| Health fees:                   |                   |                   |                   |
| Animal shelter fees            | 44,130            | 44,130            | 66,040            |
| Cemetery sales                 | 25,210            | 25,210            | 12,300            |
| Grave openings                 | 28,250            | 28,250            | 19,381            |
| Cemetery summer care           | 2,500             | 2,500             | 2,500             |
|                                | <u>756,538</u>    | <u>756,538</u>    | <u>769,662</u>    |
| Fines and forfeitures:         |                   |                   |                   |
| Forensic service fines         | 5,935             | 5,935             | 4,708             |
| Municipal court fines          | 197,500           | 197,500           | 203,172           |
| Bail bond fees and other       | 5,280             | 5,280             | 2,060             |
|                                | <u>208,715</u>    | <u>208,715</u>    | <u>209,940</u>    |
| Miscellaneous:                 |                   |                   |                   |
| Investment earnings            | 15,000            | 15,000            | 3,484             |
| Rent - general                 | 850               | -                 | 779               |
| Public defender reimbursements | 3,987             | 3,987             | 750               |
| Street cut revenue             | 4,000             | 4,000             | 16,769            |
| Private donations              | 38,624            | 38,624            | 5,552             |
| Other                          | 67,842            | 68,692            | 78,139            |
|                                | <u>130,303</u>    | <u>130,303</u>    | <u>105,473</u>    |
| Total Revenues                 | <u>14,488,453</u> | <u>15,598,707</u> | <u>16,647,133</u> |
| EXPENDITURES                   |                   |                   |                   |
| General government:            |                   |                   |                   |
| Administration:                |                   |                   |                   |
| Salaries and wages             | 342,900           | 342,900           | 342,092           |
| Employee benefits              | 145,666           | 145,666           | 143,411           |
| Services and supplies          | 132,122           | 162,122           | 162,009           |
|                                | <u>620,688</u>    | <u>650,688</u>    | <u>647,512</u>    |
| Central Services - Insurance:  |                   |                   |                   |
| Employee benefits              | 320,000           | 325,000           | 323,908           |
| Services and supplies          | 360,650           | 357,150           | 353,720           |
|                                | <u>680,650</u>    | <u>682,150</u>    | <u>677,628</u>    |

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VARIANCE TO  
FINAL BUDGET

2010

7,118 7,760  
(28,629) 121,493  
340 -

3,009 228,403  
(18,735) -

5,726 7,060  
49,428 32,842

(9,966) 100,462  
(760) 1,010  
5,462 11,508

21,910 44,163  
(12,910) 8,625  
(8,869) 9,205  
- 2,500

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13,124 575,031

(1,227) 8,050  
5,672 186,857  
(3,220) 4,300

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1,225 199,207

(11,516) (9,657)  
779 850  
(3,237) 1,705  
12,769 4,869  
(33,072) 480  
9,447 88,141

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(24,830) 86,388

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1,048,426 14,460,437

808 342,433  
2,255 135,056  
113 99,239

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3,176 576,728

1,092 319,325  
3,430 380,406

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4,522 699,731

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**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*  
*(Page 3 of 6)*

|                          | BUDGET           |                  | ACTUAL           |
|--------------------------|------------------|------------------|------------------|
|                          | ORIGINAL         | FINAL            |                  |
| Clerk:                   |                  |                  |                  |
| Salaries and wages       | 126,620          | 127,120          | 126,453          |
| Employee benefits        | 57,365           | 58,115           | 57,719           |
| Services and supplies    | 50,285           | 39,035           | 37,942           |
|                          | <u>234,270</u>   | <u>224,270</u>   | <u>222,114</u>   |
| Information systems:     |                  |                  |                  |
| Salaries and wages       | 43,650           | 43,650           | 43,223           |
| Employee benefits        | 18,540           | 18,790           | 18,706           |
| Services and supplies    | 79,415           | 104,415          | 96,000           |
|                          | <u>141,605</u>   | <u>166,855</u>   | <u>157,929</u>   |
| Personnel:               |                  |                  |                  |
| Salaries and wages       | 51,620           | 7,620            | 7,290            |
| Employee benefits        | 20,200           | 3,200            | 2,814            |
| Services and supplies    | 16,429           | 13,929           | 10,661           |
|                          | <u>88,249</u>    | <u>24,749</u>    | <u>20,765</u>    |
| Finance:                 |                  |                  |                  |
| Salaries and wages       | 93,200           | 93,300           | 93,222           |
| Employee benefits        | 43,185           | 43,785           | 43,210           |
| Services and supplies    | 39,527           | 49,527           | 41,144           |
|                          | <u>175,912</u>   | <u>186,612</u>   | <u>177,576</u>   |
| Planning / zoning:       |                  |                  |                  |
| Salaries and wages       | 87,400           | 89,650           | 89,634           |
| Employee benefits        | 30,725           | 30,975           | 29,876           |
| Services and supplies    | 60,050           | 58,050           | 56,780           |
|                          | <u>178,175</u>   | <u>178,675</u>   | <u>176,290</u>   |
| Economic development:    |                  |                  |                  |
| Services and supplies    | 19,300           | 20,000           | 19,920           |
| Total General Government | <u>2,138,849</u> | <u>2,133,999</u> | <u>2,099,734</u> |
| Judicial:                |                  |                  |                  |
| Municipal court:         |                  |                  |                  |
| Services and supplies    | 416,500          | 365,000          | 364,974          |
| Total Judicial           | <u>416,500</u>   | <u>365,000</u>   | <u>364,974</u>   |
| Public safety:           |                  |                  |                  |
| Police:                  |                  |                  |                  |
| Salaries and wages       | 2,847,200        | 2,947,200        | 2,945,436        |
| Employee benefits        | 1,659,325        | 1,650,725        | 1,649,494        |
| Services and supplies    | 737,190          | 843,444          | 810,297          |
| Capital outlay           | -                | -                | -                |
|                          | <u>5,243,715</u> | <u>5,441,369</u> | <u>5,405,227</u> |

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VARIANCE TO  
FINAL BUDGET

2010

|              |               |
|--------------|---------------|
| 667          | 124,275       |
| 396          | 53,394        |
| <u>1,093</u> | <u>22,042</u> |

|              |                |
|--------------|----------------|
| <u>2,156</u> | <u>199,711</u> |
|--------------|----------------|

|              |               |
|--------------|---------------|
| 427          | 40,940        |
| 84           | 16,934        |
| <u>8,415</u> | <u>93,109</u> |

|              |                |
|--------------|----------------|
| <u>8,926</u> | <u>150,983</u> |
|--------------|----------------|

|              |               |
|--------------|---------------|
| 330          | 50,287        |
| 386          | 18,135        |
| <u>3,268</u> | <u>13,430</u> |

|              |               |
|--------------|---------------|
| <u>3,984</u> | <u>81,852</u> |
|--------------|---------------|

|              |               |
|--------------|---------------|
| 78           | 91,818        |
| 575          | 40,532        |
| <u>8,383</u> | <u>32,001</u> |

|              |                |
|--------------|----------------|
| <u>9,036</u> | <u>164,351</u> |
|--------------|----------------|

|              |               |
|--------------|---------------|
| 16           | 115,513       |
| 1,099        | 42,085        |
| <u>1,270</u> | <u>61,568</u> |

|              |                |
|--------------|----------------|
| <u>2,385</u> | <u>219,166</u> |
|--------------|----------------|

|           |               |
|-----------|---------------|
| <u>80</u> | <u>19,291</u> |
|-----------|---------------|

|               |                  |
|---------------|------------------|
| <u>34,265</u> | <u>2,111,813</u> |
|---------------|------------------|

|           |                |
|-----------|----------------|
| <u>26</u> | <u>387,548</u> |
|-----------|----------------|

|           |                |
|-----------|----------------|
| <u>26</u> | <u>387,548</u> |
|-----------|----------------|

|          |               |
|----------|---------------|
| 1,764    | 3,031,506     |
| 1,231    | 1,531,745     |
| 33,147   | 918,552       |
| <u>-</u> | <u>51,367</u> |

|               |                  |
|---------------|------------------|
| <u>36,142</u> | <u>5,533,170</u> |
|---------------|------------------|

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**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*  
*(Page 4 of 6)*

|                         | BUDGET           |                  | ACTUAL           |
|-------------------------|------------------|------------------|------------------|
|                         | ORIGINAL         | FINAL            |                  |
| Fire:                   |                  |                  |                  |
| Salaries and wages      | 13,800           | 17,800           | 16,969           |
| Employee benefits       | 400              | 410              | 407              |
| Services and supplies   | 22,775           | 21,765           | 21,087           |
|                         | <u>36,975</u>    | <u>39,975</u>    | <u>38,463</u>    |
| ARFF facility:          |                  |                  |                  |
| Salaries and wages      | 1,580,175        | 1,625,175        | 1,624,959        |
| Employee benefits       | 936,665          | 906,665          | 912,242          |
| Services and supplies   | 326,725          | 331,725          | 305,553          |
|                         | <u>2,843,565</u> | <u>2,863,565</u> | <u>2,842,754</u> |
| Southside fire station: |                  |                  |                  |
| Services and supplies   | 9,370            | 9,370            | 8,037            |
| Total Public Safety     | <u>8,133,625</u> | <u>8,354,279</u> | <u>8,294,481</u> |
| Public works:           |                  |                  |                  |
| Highways / streets:     |                  |                  |                  |
| Salaries and wages      | 658,050          | 650,400          | 642,821          |
| Employee benefits       | 282,025          | 267,025          | 261,364          |
| Services and supplies   | 598,675          | 498,675          | 506,422          |
|                         | <u>1,538,750</u> | <u>1,416,100</u> | <u>1,410,607</u> |
| Engineering:            |                  |                  |                  |
| Salaries and wages      | 64,400           | 65,900           | 65,699           |
| Employee benefits       | 26,510           | 27,010           | 28,514           |
| Services and supplies   | 50,830           | 44,830           | 41,531           |
|                         | <u>141,740</u>   | <u>137,740</u>   | <u>135,744</u>   |
| Fleet maintenance:      |                  |                  |                  |
| Salaries and wages      | 252,500          | 265,500          | 264,907          |
| Employee benefits       | 106,375          | 113,375          | 112,504          |
| Services and supplies   | 61,190           | 61,190           | 53,426           |
|                         | <u>420,065</u>   | <u>440,065</u>   | <u>430,837</u>   |
| Facilities:             |                  |                  |                  |
| Salaries and wages      | 248,355          | 238,355          | 235,348          |
| Employee benefits       | 112,765          | 107,765          | 106,514          |
| Services and supplies   | 297,950          | 327,950          | 326,625          |
|                         | <u>659,070</u>   | <u>674,070</u>   | <u>668,487</u>   |
| Building inspection:    |                  |                  |                  |
| Salaries and wages      | 174,730          | 174,730          | 172,955          |
| Employee benefits       | 71,700           | 72,200           | 71,267           |
| Services and supplies   | 48,860           | 36,360           | 24,625           |
|                         | <u>295,290</u>   | <u>283,290</u>   | <u>268,847</u>   |

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VARIANCE TO  
FINAL BUDGET

2010

|     |        |
|-----|--------|
| 831 | 18,907 |
| 3   | 405    |
| 678 | 20,455 |

|       |        |
|-------|--------|
| 1,512 | 39,767 |
|-------|--------|

|         |           |
|---------|-----------|
| 216     | 1,576,338 |
| (5,577) | 827,153   |
| 26,172  | 353,491   |

|        |           |
|--------|-----------|
| 20,811 | 2,756,982 |
|--------|-----------|

|       |       |
|-------|-------|
| 1,333 | 9,583 |
|-------|-------|

|        |           |
|--------|-----------|
| 59,798 | 8,339,502 |
|--------|-----------|

|         |         |
|---------|---------|
| 7,579   | 645,049 |
| 5,661   | 263,797 |
| (7,747) | 765,909 |

|       |           |
|-------|-----------|
| 5,493 | 1,674,755 |
|-------|-----------|

|         |        |
|---------|--------|
| 201     | 62,583 |
| (1,504) | 24,058 |
| 3,299   | 8,224  |

|       |        |
|-------|--------|
| 1,996 | 94,865 |
|-------|--------|

|       |         |
|-------|---------|
| 593   | 261,792 |
| 871   | 105,933 |
| 7,764 | 67,272  |

|       |         |
|-------|---------|
| 9,228 | 434,997 |
|-------|---------|

|       |         |
|-------|---------|
| 3,007 | 241,306 |
| 1,251 | 101,102 |
| 1,325 | 309,252 |

|       |         |
|-------|---------|
| 5,583 | 651,660 |
|-------|---------|

|        |         |
|--------|---------|
| 1,775  | 169,031 |
| 933    | 66,154  |
| 11,735 | 52,477  |

|        |         |
|--------|---------|
| 14,443 | 287,662 |
|--------|---------|

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**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*  
*(Page 5 of 6)*

|                                | BUDGET           |                  | ACTUAL           |
|--------------------------------|------------------|------------------|------------------|
|                                | ORIGINAL         | FINAL            |                  |
| Community Development          |                  |                  |                  |
| Salaries and wages             | 89,800           | 89,825           | 89,812           |
| Employee benefits              | 35,125           | 35,200           | 35,048           |
| Services and supplies          | 34,050           | 34,050           | 19,877           |
|                                | <u>158,975</u>   | <u>159,075</u>   | <u>144,737</u>   |
| Total Public Works             | <u>3,213,890</u> | <u>3,110,340</u> | <u>3,059,259</u> |
| Health:                        |                  |                  |                  |
| Animal shelter:                |                  |                  |                  |
| Salaries and wages             | 189,135          | 184,135          | 182,971          |
| Employee benefits              | 102,080          | 90,580           | 86,736           |
| Services and supplies          | 76,820           | 106,820          | 104,724          |
|                                | <u>368,035</u>   | <u>381,535</u>   | <u>374,431</u>   |
| Cemetery:                      |                  |                  |                  |
| Salaries and wages             | 93,530           | 94,030           | 93,544           |
| Employee benefits              | 43,095           | 43,595           | 43,281           |
| Services and supplies          | 17,240           | 17,240           | 15,352           |
|                                | <u>153,865</u>   | <u>154,865</u>   | <u>152,177</u>   |
| Total Health                   | <u>521,900</u>   | <u>536,400</u>   | <u>526,608</u>   |
| Culture and recreation:        |                  |                  |                  |
| Parks / recreation facilities: |                  |                  |                  |
| Salaries and wages             | 339,345          | 330,345          | 328,853          |
| Employee benefits              | 149,835          | 145,835          | 145,118          |
| Services and supplies          | 129,660          | 143,660          | 144,110          |
|                                | <u>618,840</u>   | <u>619,840</u>   | <u>618,081</u>   |
| Swimming pool:                 |                  |                  |                  |
| Salaries and wages             | 223,750          | 211,250          | 202,357          |
| Employee benefits              | 59,590           | 67,090           | 39,589           |
| Services and supplies          | 131,975          | 131,975          | 117,632          |
|                                | <u>415,315</u>   | <u>410,315</u>   | <u>359,578</u>   |
| Total Culture and Recreation:  | <u>1,034,155</u> | <u>1,030,155</u> | <u>977,659</u>   |
| Community support:             |                  |                  |                  |
| Community service:             |                  |                  |                  |
| Services and supplies:         |                  |                  |                  |
| Senior Citizens Center         | 10,000           | 10,000           | 10,000           |
| CADV                           | 4,000            | 4,000            | 4,000            |
| Vitality Center                | 2,000            | 2,000            | 2,000            |
| Ruby Mountain Resource Center  | 2,000            | 2,000            | -                |
| FISH                           | 4,000            | 4,000            | 4,000            |
| Nevada Rural County RSVP       | 1,000            | 1,000            | 1,000            |
| Total Community Support        | <u>23,000</u>    | <u>23,000</u>    | <u>21,000</u>    |

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VARIANCE TO  
FINAL BUDGET

2010

|               |               |
|---------------|---------------|
| 13            | 114,449       |
| 152           | 35,206        |
| <u>14,173</u> | <u>13,639</u> |

|               |                |
|---------------|----------------|
| <u>14,338</u> | <u>163,294</u> |
|---------------|----------------|

|               |                  |
|---------------|------------------|
| <u>51,081</u> | <u>3,307,233</u> |
|---------------|------------------|

|              |               |
|--------------|---------------|
| 1,164        | 189,016       |
| 3,844        | 93,513        |
| <u>2,096</u> | <u>90,062</u> |

|              |                |
|--------------|----------------|
| <u>7,104</u> | <u>372,591</u> |
|--------------|----------------|

|              |               |
|--------------|---------------|
| 486          | 89,985        |
| 314          | 39,473        |
| <u>1,888</u> | <u>23,335</u> |

|              |                |
|--------------|----------------|
| <u>2,688</u> | <u>152,793</u> |
|--------------|----------------|

|              |                |
|--------------|----------------|
| <u>9,792</u> | <u>525,384</u> |
|--------------|----------------|

|              |                |
|--------------|----------------|
| 1,492        | 333,781        |
| 717          | 137,799        |
| <u>(450)</u> | <u>156,838</u> |

|              |                |
|--------------|----------------|
| <u>1,759</u> | <u>628,418</u> |
|--------------|----------------|

|               |                |
|---------------|----------------|
| 8,893         | 208,902        |
| 27,501        | 66,953         |
| <u>14,343</u> | <u>122,978</u> |

|               |                |
|---------------|----------------|
| <u>50,737</u> | <u>398,833</u> |
|---------------|----------------|

|               |                  |
|---------------|------------------|
| <u>52,496</u> | <u>1,027,251</u> |
|---------------|------------------|

|          |              |
|----------|--------------|
| -        | 10,000       |
| -        | 8,000        |
| -        | 4,000        |
| 2,000    | -            |
| -        | 8,000        |
| <u>-</u> | <u>2,000</u> |

|              |               |
|--------------|---------------|
| <u>2,000</u> | <u>32,000</u> |
|--------------|---------------|

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**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*  
*(Page 6 of 6)*

|  | BUDGET       |              | ACTUAL       |
|--|--------------|--------------|--------------|
|  | ORIGINAL     | FINAL        |              |
| Contingency  | 232,229      | 232,229      | -            |
| Total Expenditures                                   | 15,714,148   | 15,785,402   | 15,343,715   |
| Excess (Deficiency) of Revenues<br>over Expenditures | (1,225,695)  | (186,695)    | 1,303,418    |
| OTHER FINANCING SOURCES (USES)                       |              |              |              |
| Transfers in:  |              |              |              |
| Recreation Fund                                      | 232,685      | 232,685      | 232,685      |
| Health Insurance Fund                                | -            | -            | 1,168        |
| Revenue Stabilization Fund                           | 220,000      | 220,000      | 220,000      |
| Capital Equipment Reserve Fund                       | 567,315      | 567,315      | 567,315      |
| Transfers out:                                       |              |              |              |
| Airport Fund   | -            | (75,000)     | (75,000)     |
| Golf Fund  | (24,785)     | (24,785)     | (22,631)     |
| Revenue Stabilization Fund                           | -            | (964,000)    | (964,000)    |
| Total Other Financing Sources (Uses)                 | 995,215      | (43,785)     | (40,463)     |
| Net Change in Fund Balance                           | (230,480)    | (230,480)    | 1,262,955    |
| FUND BALANCE, July 1                                 | 1,534,753    | 1,534,753    | 1,748,609    |
| FUND BALANCE, June 30                                | \$ 1,304,273 | \$ 1,304,273 | \$ 3,011,564 |

See accompanying notes to required supplementary information.

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| <u>VARIANCE TO<br/>FINAL BUDGET</u> | <u>2010</u>         |
|-------------------------------------|---------------------|
| <u>232,229</u>                      | <u>-</u>            |
| <u>441,687</u>                      | <u>15,730,731</u>   |
| <u>1,490,113</u>                    | <u>(1,270,294)</u>  |
| -                                   | 243,647             |
| 1,168                               | 162,489             |
| -                                   | -                   |
| -                                   | -                   |
| -                                   | (375,000)           |
| 2,154                               | (23,715)            |
| <u>-</u>                            | <u>-</u>            |
| <u>3,322</u>                        | <u>7,421</u>        |
| 1,493,435                           | (1,262,873)         |
| <u>213,856</u>                      | <u>3,011,482</u>    |
| <u>\$ 1,707,291</u>                 | <u>\$ 1,748,609</u> |

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**CITY OF ELKO**  
**RECONCILIATION OF THE GENERAL FUND (BUDGETARY BASIS) TO THE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GENERAL FUND (GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2011**

|  | GENERAL<br>FUND<br>(BUDGET BASIS) | REVENUE<br>STABILIZATION<br>FUND | ELIMINATIONS | GENERAL<br>FUND<br>(GAAP BASIS) |
|--|-----------------------------------|----------------------------------|--------------|---------------------------------|
| <b>REVENUES</b>                                      |                                   |                                  |              |                                 |
| Taxes  | \$ 2,253,941                      | \$ -                             | \$ -         | \$ 2,253,941                    |
| Licenses and permits                                 | 1,765,089                         | -                                | -            | 1,765,089                       |
| Intergovernmental                                    | 11,543,028                        | -                                | -            | 11,543,028                      |
| Charges for services                                 | 769,662                           | -                                | -            | 769,662                         |
| Fines and forfeitures                                | 209,940                           | -                                | -            | 209,940                         |
| Miscellaneous  | 105,473                           | 1,028                            | -            | 106,501                         |
| Total Revenues                                       | 16,647,133                        | 1,028                            | -            | 16,648,161                      |
| <b>EXPENDITURES</b>                                  |                                   |                                  |              |                                 |
| Current:   |                                   |                                  |              |                                 |
| General government                                   | 2,099,734                         | 418                              | -            | 2,100,152                       |
| Judicial   | 364,974                           | -                                | -            | 364,974                         |
| Public safety  | 8,294,481                         | -                                | -            | 8,294,481                       |
| Public works   | 3,059,259                         | -                                | -            | 3,059,259                       |
| Health   | 526,608                           | -                                | -            | 526,608                         |
| Culture and recreation                               | 977,659                           | -                                | -            | 977,659                         |
| Community support                                    | 21,000                            | -                                | -            | 21,000                          |
| Total Expenditures                                   | 15,343,715                        | 418                              | -            | 15,344,133                      |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 1,303,418                         | 610                              | -            | 1,304,028                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                                   |                                  |              |                                 |
| Transfers in   | 1,021,168                         | 964,000                          | (1,184,000)  | 801,168                         |
| Transfers out  | (1,061,631)                       | (220,000)                        | 1,184,000    | (97,631)                        |
| Total Other Financing Sources (Uses)                 | (40,463)                          | 744,000                          | -            | 703,537                         |
| Net Change in Fund Balances                          | 1,262,955                         | 744,610                          | -            | 2,007,565                       |
| FUND BALANCES, July 1                                | 1,748,609                         | 461,047                          | -            | 2,209,656                       |
| FUND BALANCES, June 30                               | \$ 3,011,564                      | \$ 1,205,657                     | \$ -         | \$ 4,217,221                    |

See accompanying notes to required supplementary information.

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**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**RECREATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*  
*(Page 1 of 2)*

|  | BUDGET       |              | ACTUAL       |
|--|--------------|--------------|--------------|
|  | ORIGINAL     | FINAL        |              |
| REVENUES   |              |              |              |
| Taxes:   |              |              |              |
| Room taxes   | \$ 2,147,453 | \$ 2,897,453 | \$ 2,908,933 |
| Intergovernmental:                                   |              |              |              |
| Grants   | -            | 29,847       | 29,847       |
| Charges for services:                                |              |              |              |
| Sport league fees                                    | 17,000       | 17,000       | -            |
| Miscellaneous:                                       |              |              |              |
| Investment earnings                                  | 2,500        | 2,500        | 891          |
| Private donations                                    | -            | -            | 13,029       |
| Other  | -            | 16,950       | 14,670       |
|  | 2,500        | 19,450       | 28,590       |
| Total Revenues                                       | 2,166,953    | 2,963,750    | 2,967,370    |
| EXPENDITURES   |              |              |              |
| Culture and Recreation:                              |              |              |              |
| Services and supplies                                | 88,500       | 143,500      | 136,014      |
| Capital outlay:                                      |              |              |              |
| Tennis/Basketball Court                              | -            | -            | 24,567       |
| Mittry Park  | -            | -            | 29,567       |
| Golf Clubhouse Renovations                           | -            | -            | -            |
| Swimming Pool  | -            | 40,000       | 45,846       |
| Main Park  | 85,000       | 271,797      | 96,030       |
| Machinery  | -            | 15,000       | 30,442       |
| Cemetery   | -            | -            | -            |
|  | 85,000       | 326,797      | 226,452      |
| Other recreation:                                    |              |              |              |
| Elko County Recreation Board                         | 121,847      | 160,910      | 161,507      |
| Western Folklife Center                              | 44,739       | 60,364       | 60,603       |
| Elko Snowbowl Foundation                             | 22,369       | 30,181       | 30,301       |
| Elko County Fair Board                               | 89,477       | 120,727      | 121,206      |
| Elko Convention Center                               | 577,046      | 725,484      | 729,669      |
| State Tourism  | 67,108       | 90,545       | 91,396       |
| Convention Center Marketing                          | 188,170      | 422,545      | 424,219      |
|  | 1,110,756    | 1,610,756    | 1,618,901    |
| Total Expenditures                                   | 1,284,256    | 2,081,053    | 1,981,367    |
| Excess (Deficiency) of Revenues<br>over Expenditures | 882,697      | 882,697      | 986,003      |

| VARIANCE TO<br>FINAL BUDGET | 2010         |
|-----------------------------|--------------|
| \$ 11,480                   | \$ 2,327,983 |
| -                           | 185,639      |
| (17,000)                    | 19,420       |
| (1,609)                     | (2,371)      |
| 13,029                      | 100          |
| (2,280)                     | 43,950       |
| 9,140                       | 41,679       |
| 3,620                       | 2,574,721    |
| 7,486                       | 162,219      |
| (24,567)                    | 399,900      |
| (29,567)                    | 15,206       |
| -                           | 69,062       |
| (5,846)                     | -            |
| 175,767                     | -            |
| (15,442)                    | -            |
| -                           | 1,754        |
| 100,345                     | 485,922      |
| (597)                       | 131,249      |
| (239)                       | 48,500       |
| (120)                       | 24,250       |
| (479)                       | 96,999       |
| (4,185)                     | 478,479      |
| (851)                       | 73,825       |
| (1,674)                     | 339,498      |
| (8,145)                     | 1,192,800    |
| 99,686                      | 1,840,941    |
| 103,306                     | 733,780      |



CITY OF ELKO  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
RECREATION FUND  
FOR THE YEAR ENDED JUNE 30, 2011  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*  
*(Page 2 of 2)*

|                                      | BUDGET     |            |            |
|--------------------------------------|------------|------------|------------|
|                                      | ORIGINAL   | BUDGET     | ACTUAL     |
| OTHER FINANCING SOURCES (USES)       |            |            |            |
| Transfers out:                       |            |            |            |
| General Fund                         | (232,685)  | (232,685)  | (232,685)  |
| Debt Service Fund                    | (143,768)  | (143,768)  | (143,768)  |
| Airport Fund                         | (330,880)  | (330,880)  | (330,880)  |
| Youth Recreation Fund                | (12,927)   | (12,927)   | (12,927)   |
| Golf Fund                            | (22,927)   | (22,927)   | (22,927)   |
| Total Other Financing Sources (Uses) | (743,187)  | (743,187)  | (743,187)  |
| Net Change in Fund Balance           | 139,510    | 139,510    | 242,816    |
| FUND BALANCE, July 1                 | 357,623    | 357,623    | 432,012    |
| FUND BALANCE, June 30                | \$ 497,133 | \$ 497,133 | \$ 674,828 |

See accompanying notes to required supplementary information.

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VARIANCE TO  
FINAL BUDGET

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2010

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|   |           |
|---|-----------|
| - | (243,647) |
| - | (153,243) |
| - | (370,264) |
| - | (13,536)  |
| - | (23,536)  |

---

|   |           |
|---|-----------|
| - | (804,226) |
|---|-----------|

---

|         |          |
|---------|----------|
| 103,306 | (70,446) |
|---------|----------|

---

|        |         |
|--------|---------|
| 74,389 | 502,458 |
|--------|---------|

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|            |            |
|------------|------------|
| \$ 177,695 | \$ 432,012 |
|------------|------------|

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**CITY OF ELKO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2011**

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**Note 1 – Budgetary Reconciliations:**

The accompanying Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) presents balances combined for external reporting purposes.

Budget to actual comparisons are presented for all funds of the City as required by Nevada Revised Statutes. Such budget comparisons are required to be presented using the budget as adopted, and approved by the State of Nevada Department of Taxation. However, guidance provided in governmental accounting standards specify that one of these internally reported funds of the City of Elko, does not meet the definition of special revenue funds, and therefore does not qualify to be separately presented for external reporting purposes.

The Revenue Stabilization Fund for the City of Elko is combined with the General Fund for external reporting purposes.

**CITY OF ELKO**  
**COMBINING BALANCE SHEET**  
**RECONCILIATION OF THE GENERAL FUND (BUDGETARY BASIS) TO THE**  
**GENERAL FUND (GAAP BASIS)**  
**JUNE 30, 2011**

|  | GENERAL<br>FUND<br>(BUDGET BASIS) | REVENUE<br>STABILIZATION<br>FUND | GENERAL<br>FUND<br>(GAAP BASIS) |
|--|-----------------------------------|----------------------------------|---------------------------------|
| <b>ASSETS</b>                                  |                                   |                                  |                                 |
| Cash and investments                           | \$ 1,558,656                      | \$ 1,204,895                     | \$ 2,763,551                    |
| Restricted cash                                | 103,798                           | -                                | 103,798                         |
| Interest receivable                            | 1,308                             | 762                              | 2,070                           |
| Accounts receivable                            | 187,721                           | -                                | 187,721                         |
| Taxes receivable, delinquent                   | 82,336                            | -                                | 82,336                          |
| Due from other governments                     | 2,231,084                         | -                                | 2,231,084                       |
| Inventory                                      | 29,877                            | -                                | 29,877                          |
| Total Assets                                   | <u>\$ 4,194,780</u>               | <u>1,205,657</u>                 | <u>5,400,437</u>                |
| <b>LIABILITIES AND FUND BALANCES</b>           |                                   |                                  |                                 |
| <b>Liabilities:</b>                            |                                   |                                  |                                 |
| Accounts payable                               | 518,362                           | -                                | 518,362                         |
| Accrued salaries                               | 383,246                           | -                                | 383,246                         |
| Due to other governments                       | 7,181                             | -                                | 7,181                           |
| Deferred revenue                               | 274,427                           | -                                | 274,427                         |
| Total Liabilities                              | <u>1,183,216</u>                  | <u>-</u>                         | <u>1,183,216</u>                |
| <b>Fund Balances:</b>                          |                                   |                                  |                                 |
| Nonspendable                                   | 29,877                            | -                                | 29,877                          |
| Restricted                                     | 189,506                           | -                                | 189,506                         |
| Committed                                      | 640,988                           | -                                | 640,988                         |
| Unassigned                                     | 2,151,193                         | 1,205,657                        | 3,356,850                       |
| Total Fund Balances                            | <u>3,011,564</u>                  | <u>1,205,657</u>                 | <u>4,217,221</u>                |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u>\$ 4,194,780</u>               | <u>\$ 1,205,657</u>              | <u>\$ 5,400,437</u>             |

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL CONSTRUCTION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|  | BUDGET       | ACTUAL       | VARIANCE TO<br>FINAL BUDGET | 2010       |
|--|--------------|--------------|-----------------------------|------------|
| REVENUES   |              |              |                             |            |
| Taxes:   |              |              |                             |            |
| Ad Valorem   | \$ 854,144   | \$ 829,682   | \$ (24,462)                 | \$ 738,733 |
| Intergovernmental:                                   |              |              |                             |            |
| Silver street reconstruction project grant           | 619,111      | 748,598      | 129,487                     | 116,364    |
| Miscellaneous:                                       |              |              |                             |            |
| Investment earnings                                  | 32,500       | 35,980       | 3,480                       | 625        |
| Land sales   | -            | 900          | 900                         | -          |
| Other  | -            | 18,875       | 18,875                      | 1,500      |
|  | 32,500       | 55,755       | 23,255                      | 2,125      |
| Total Revenues                                       | 1,505,755    | 1,634,035    | 128,280                     | 857,222    |
| EXPENDITURES   |              |              |                             |            |
| General government:                                  |              |              |                             |            |
| Planning / zoning:                                   |              |              |                             |            |
| Services and supplies                                | 15,000       | 4,930        | 10,070                      | 10,000     |
| Public works:  |              |              |                             |            |
| Highways / streets:                                  |              |              |                             |            |
| Services and supplies                                | 2,525        | 2,523        | 2                           | 300        |
| Capital outlay                                       | 3,541,665    | 2,896,180    | 645,485                     | 638,679    |
|  | 3,544,190    | 2,898,703    | 645,487                     | 638,979    |
| Debt Service:  |              |              |                             |            |
| Bond issuance costs                                  | -            | 455,199      | (455,199)                   | -          |
| Total Expenditures                                   | 3,559,190    | 3,358,832    | 200,358                     | 648,979    |
| Excess (Deficiency) of Revenues<br>over Expenditures | (2,053,435)  | (1,724,797)  | 328,638                     | 208,243    |
| OTHER FINANCING SOURCES (USES)                       |              |              |                             |            |
| General obligation bond issued                       | 10,500,000   | 10,500,000   | -                           | -          |
| Bond premium   | (2,598)      | 296,539      | 299,137                     | -          |
| Total Other Financing Sources (Uses)                 | 10,497,402   | 10,796,539   | 299,137                     | -          |
| Net Change in Fund Balance                           | 8,443,967    | 9,071,742    | 627,775                     | 208,243    |
| FUND BALANCE, July 1                                 | 200,021      | 408,472      | 208,451                     | 200,229    |
| FUND BALANCE, June 30                                | \$ 8,643,988 | \$ 9,480,214 | \$ 836,226                  | \$ 408,472 |

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**NONMAJOR GOVERNMENTAL FUNDS**

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**CITY OF ELKO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

|  | <u>SPECIAL<br/>REVENUE</u> | <u>DEBT<br/>SERVICE</u> | <u>CAPITAL<br/>PROJECTS</u> | <u>TOTAL</u>        |
|--|----------------------------|-------------------------|-----------------------------|---------------------|
| <b>ASSETS</b>                                  |                            |                         |                             |                     |
| Cash and investments                           | \$ 258,301                 | \$ -                    | \$ 934,716                  | \$ 1,193,017        |
| Restricted cash                                | -                          | 178,084                 | -                           | 178,084             |
| Interest receivable                            | 61                         | 95                      | 719                         | 875                 |
| Accounts receivable                            | 1,355                      | -                       | -                           | 1,355               |
| Taxes receivable, delinquent                   | -                          | 771                     | 21,125                      | 21,896              |
| Due from other governments                     | 25,145                     | 174,899                 | 255,383                     | 455,427             |
|  | <u>25,145</u>              | <u>174,899</u>          | <u>255,383</u>              | <u>455,427</u>      |
| Total Assets                                   | <u>\$ 284,862</u>          | <u>\$ 353,849</u>       | <u>\$ 1,211,943</u>         | <u>\$ 1,850,654</u> |
| <b>LIABILITIES</b>                             |                            |                         |                             |                     |
| Accounts payable                               | \$ 15,276                  | \$ -                    | \$ 3,156                    | \$ 18,432           |
| Accrued salaries                               | 6,073                      | -                       | -                           | 6,073               |
| Due to other governments                       | 2,135                      | -                       | -                           | 2,135               |
| Deferred revenue                               | 91,305                     | 175,184                 | 156,125                     | 422,614             |
|  | <u>91,305</u>              | <u>175,184</u>          | <u>156,125</u>              | <u>422,614</u>      |
| Total Liabilities                              | <u>114,789</u>             | <u>175,184</u>          | <u>159,281</u>              | <u>449,254</u>      |
| <b>FUND BALANCES</b>                           |                            |                         |                             |                     |
| Restricted                                     | 87,032                     | 178,665                 | 642,925                     | 908,622             |
| Committed                                      | 83,890                     | -                       | 409,737                     | 493,627             |
| Unassigned                                     | (849)                      | -                       | -                           | (849)               |
|  | <u>87,032</u>              | <u>178,665</u>          | <u>642,925</u>              | <u>908,622</u>      |
| Total Fund Balances                            | <u>170,073</u>             | <u>178,665</u>          | <u>1,052,662</u>            | <u>1,401,400</u>    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u>\$ 284,862</u>          | <u>\$ 353,849</u>       | <u>\$ 1,211,943</u>         | <u>\$ 1,850,654</u> |

**CITY OF ELKO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

|  | SPECIAL<br>REVENUE | DEBT<br>SERVICE | CAPITAL<br>PROJECTS | TOTAL        |
|--|--------------------|-----------------|---------------------|--------------|
| <b>REVENUES</b>                                      |                    |                 |                     |              |
| Taxes  | \$ -               | \$ 2,155        | \$ 608,649          | \$ 610,804   |
| Intergovernmental                                    | 179,963            | 356,925         | 324,172             | 861,060      |
| Charges for services                                 | 215,658            | -               | -                   | 215,658      |
| Miscellaneous  | 11,422             | 261             | 15,889              | 27,572       |
| Total Revenues                                       | 407,043            | 359,341         | 948,710             | 1,715,094    |
| <b>EXPENDITURES</b>                                  |                    |                 |                     |              |
| Current:   |                    |                 |                     |              |
| General government                                   | -                  | -               | 105,400             | 105,400      |
| Public safety  | 164,339            | -               | 89,192              | 253,531      |
| Public works   | -                  | -               | 217,321             | 217,321      |
| Culture and recreation                               | 211,715            | -               | -                   | 211,715      |
| Debt service:  |                    |                 |                     |              |
| Principal  | -                  | 75,000          | -                   | 75,000       |
| Interest   | -                  | 244,967         | -                   | 244,967      |
| Total Expenditures                                   | 376,054            | 319,967         | 411,913             | 1,107,934    |
| Excess (Deficiency) of Revenues<br>over Expenditures | 30,989             | 39,374          | 536,797             | 607,160      |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                 |                     |              |
| Sale of capital assets                               | -                  | -               | 1,482               | 1,482        |
| Transfers in   | 12,927             | 143,768         | -                   | 156,695      |
| Transfers out  | -                  | -               | (567,315)           | (567,315)    |
| Total Other Financing Sources (Uses)                 | 12,927             | 143,768         | (565,833)           | (409,138)    |
| Net Change in Fund Balances                          | 43,916             | 183,142         | (29,036)            | 198,022      |
| FUND BALANCES, July 1                                | 126,157            | (4,477)         | 1,081,698           | 1,203,378    |
| FUND BALANCES, June 30                               | \$ 170,073         | \$ 178,665      | \$ 1,052,662        | \$ 1,401,400 |



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### **NONMAJOR SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for specific revenues which are legally restricted to expenditures for a particular purpose. Special Revenue Funds are comprised of the following:

Youth Recreation Fund – revenues include state grants and charges for participation in the “latchkey” program with expenditures related to providing these after school services for youth.

Municipal Court Administrative Assessment Fund – revenues are derived from additional ticketed fines and are to be used to improve the court premises and equipment.

Narcotics Task Force Fund – revenues include state grants and monies collected from other local governments to be used for narcotics enforcement.

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**CITY OF ELKO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2011**

|  | YOUTH<br>RECREATION<br>FUND | MUNICIPAL<br>COURT<br>ADMINISTRATIVE<br>ASSESSMENT<br>FUND | NARCOTICS<br>TASK FORCE<br>FUND | TOTAL             |
|--|-----------------------------|--|---------------------------------|-------------------|
| <b>ASSETS</b>                                  |                             |  |                                 |                   |
| Cash and investments                           | \$ 102,748                  | \$ 85,677  | \$ 69,876                       | \$ 258,301        |
| Interest receivable                            | 61                          | -  | -                               | 61                |
| Accounts receivable                            | -                           | 1,355  | -                               | 1,355             |
| Due from other governments                     | -                           | -  | 25,145                          | 25,145            |
| Total Assets                                   | <u>\$ 102,809</u>           | <u>\$ 87,032</u>   | <u>\$ 95,021</u>                | <u>\$ 284,862</u> |
| <b>LIABILITIES</b>                             |                             |  |                                 |                   |
| Accounts payable                               | \$ 12,846                   | \$ -   | \$ 2,430                        | \$ 15,276         |
| Accrued salaries                               | 6,073                       | -  | -                               | 6,073             |
| Due to other governments                       | -                           | -  | 2,135                           | 2,135             |
| Deferred revenue                               | -                           | -  | 91,305                          | 91,305            |
| Total Liabilities                              | <u>18,919</u>               | <u>-</u>   | <u>95,870</u>                   | <u>114,789</u>    |
| <b>FUND BALANCES (DEFICIT)</b>                 |                             |  |                                 |                   |
| Restricted                                     | -                           | 87,032   | -                               | 87,032            |
| Committed                                      | 83,890                      | -  | -                               | 83,890            |
| Unassigned                                     | -                           | -  | (849)                           | (849)             |
| Total Fund Balances (deficit)                  | <u>83,890</u>               | <u>87,032</u>  | <u>(849)</u>                    | <u>170,073</u>    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u>\$ 102,809</u>           | <u>\$ 87,032</u>   | <u>\$ 95,021</u>                | <u>\$ 284,862</u> |

**CITY OF ELKO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

|  | YOUTH<br>RECREATION<br>FUND | MUNICIPAL<br>COURT<br>ADMINISTRATIVE<br>ASSESSMENT<br>FUND | NARCOTICS<br>TASK FORCE<br>FUND | TOTAL      |
|--|-----------------------------|--|---------------------------------|------------|
| REVENUES   |                             |  |                                 |            |
| Intergovernmental                                    | \$ -                        | \$ 16,720  | \$ 163,243                      | \$ 179,963 |
| Charges for services                                 | 215,658                     | -  | -                               | 215,658    |
| Miscellaneous  | 11,422                      | -  | -                               | 11,422     |
| Total Revenues                                       | 227,080                     | 16,720   | 163,243                         | 407,043    |
| EXPENDITURES   |                             |  |                                 |            |
| Current:   |                             |  |                                 |            |
| Public safety  | -                           | -  | 164,339                         | 164,339    |
| Culture and recreation                               | 211,715                     | -  | -                               | 211,715    |
| Total Expenditures                                   | 211,715                     | -  | 164,339                         | 376,054    |
| Excess (Deficiency) of<br>Revenues over Expenditures | 15,365                      | 16,720   | (1,096)                         | 30,989     |
| OTHER FINANCING SOURCES (USES)                       |                             |  |                                 |            |
| Transfers in   | 12,927                      | -  | -                               | 12,927     |
| Net Change in Fund Balances                          | 28,292                      | 16,720   | (1,096)                         | 43,916     |
| FUND BALANCES, July 1                                | 55,598                      | 70,312   | 247                             | 126,157    |
| FUND BALANCES (DEFICIT), June 30                     | \$ 83,890                   | \$ 87,032  | \$ (849)                        | \$ 170,073 |

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**YOUTH RECREATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|  | BUDGET     | ACTUAL     | VARIANCE TO<br>FINAL BUDGET | 2010       |
|--|------------|------------|-----------------------------|------------|
| REVENUES   |            |            |                             |            |
| Charges for services:                                |            |            |                             |            |
| Fun factory fees                                     | \$ 240,550 | \$ 215,658 | \$ (24,892)                 | \$ 170,760 |
| Miscellaneous:                                       |            |            |                             |            |
| Donations  | -          | 23         | 23                          | -          |
| Investment earnings                                  | 500        | 111        | (389)                       | 400        |
| Other  | 7,000      | 11,288     | 4,288                       | 13,371     |
|  | 7,500      | 11,422     | 3,922                       | 13,771     |
| Total Revenues                                       | 248,050    | 227,080    | (20,970)                    | 184,531    |
| EXPENDITURES   |            |            |                             |            |
| Culture and recreation:                              |            |            |                             |            |
| Latchkey program:                                    |            |            |                             |            |
| Salaries and wages                                   | 85,000     | 80,628     | 4,372                       | 83,650     |
| Employee benefits                                    | 26,570     | 16,803     | 9,767                       | 25,420     |
| Services and supplies                                | 115,200    | 114,284    | 916                         | 73,650     |
| Total Expenditures                                   | 226,770    | 211,715    | 15,055                      | 182,720    |
| Excess (Deficiency) of Revenues<br>over Expenditures | 21,280     | 15,365     | (5,915)                     | 1,811      |
| OTHER FINANCING SOURCES (USES)                       |            |            |                             |            |
| Transfers in:  |            |            |                             |            |
| Recreation Fund                                      | 12,927     | 12,927     | -                           | 13,536     |
| Net Change in Fund Balance                           | 34,207     | 28,292     | (5,915)                     | 15,347     |
| FUND BALANCE, July 1                                 | 33,965     | 55,598     | 21,633                      | 40,251     |
| FUND BALANCE, June 30                                | \$ 68,172  | \$ 83,890  | \$ 15,718                   | \$ 55,598  |

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**MUNICIPAL COURT ADMINISTRATIVE ASSESSMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|                            | <u>BUDGET</u>      | <u>ACTUAL</u>           | <u>VARIANCE TO<br/>FINAL BUDGET</u> | <u>2010</u>             |
|----------------------------|--------------------|-------------------------|-------------------------------------|-------------------------|
| REVENUES                   |                    |                         |                                     |                         |
| Intergovernmental:         |                    |                         |                                     |                         |
| Administrative assessments | <u>\$ 17,500</u>   | <u>\$ 16,720</u>        | <u>\$ (780)</u>                     | <u>\$ 16,585</u>        |
| EXPENDITURES               |                    |                         |                                     |                         |
| Judicial:                  |                    |                         |                                     |                         |
| Municipal court:           |                    |                         |                                     |                         |
| Services and supplies      | <u>87,327</u>      | <u>-</u>                | <u>87,327</u>                       | <u>640</u>              |
| Net Change in Fund Balance | <u>(69,827)</u>    | <u>16,720</u>           | <u>86,547</u>                       | <u>15,945</u>           |
| FUND BALANCE, July 1       | <u>69,827</u>      | <u>70,312</u>           | <u>485</u>                          | <u>54,367</u>           |
| FUND BALANCE, June 30      | <u><u>\$ -</u></u> | <u><u>\$ 87,032</u></u> | <u><u>\$ 87,032</u></u>             | <u><u>\$ 70,312</u></u> |

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**NARCOTICS TASK FORCE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|                                     | <u>BUDGET</u>  | <u>ACTUAL</u>   | <u>VARIANCE TO<br/>FINAL BUDGET</u> | <u>2010</u>    |
|-------------------------------------|----------------|-----------------|-------------------------------------|----------------|
| REVENUES                            |                |                 |                                     |                |
| Intergovernmental:                  |                |                 |                                     |                |
| Combined narcotics task force grant | \$ 181,913     | \$ 158,243      | \$ (23,670)                         | \$ 160,220     |
| Seizure revenue                     | -              | 5,000           | 5,000                               | -              |
| Total Revenues                      | <u>181,913</u> | <u>163,243</u>  | <u>(18,670)</u>                     | <u>160,220</u> |
| EXPENDITURES                        |                |                 |                                     |                |
| Public safety:                      |                |                 |                                     |                |
| Salaries and wages                  | 100,000        | 91,822          | 8,178                               | 86,377         |
| Employee benefits                   | 58,988         | 59,694          | (706)                               | 49,856         |
| Services and supplies               | 22,925         | 9,924           | 13,001                              | 23,740         |
| Capital outlay                      | -              | 2,899           | (2,899)                             | -              |
| Total Expenditures                  | <u>181,913</u> | <u>164,339</u>  | <u>17,574</u>                       | <u>159,973</u> |
| Net Change in Fund Balance          | -              | (1,096)         | (1,096)                             | 247            |
| FUND BALANCE, July 1                | -              | 247             | 247                                 | -              |
| FUND BALANCES (DEFICIT), June 30    | <u>\$ -</u>    | <u>\$ (849)</u> | <u>\$ (849)</u>                     | <u>\$ 247</u>  |

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#### **NONMAJOR DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for the payment.

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**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|  | BUDGET     | ACTUAL     | VARIANCE TO<br>FINAL BUDGET | 2010       |
|--|------------|------------|-----------------------------|------------|
| REVENUES   |            |            |                             |            |
| Taxes:   |            |            |                             |            |
| Ad valorem   | \$ -       | \$ 2,155   | \$ 2,155                    | \$ 78,104  |
| Intergovernmental:                                   |            |            |                             |            |
| Regional Transportation Commission                   | 513,262    | 356,925    | (156,337)                   | -          |
| Miscellaneous:                                       |            |            |                             |            |
| Investment earnings                                  | -          | 261        | 261                         | (262)      |
| Total Revenues                                       | 513,262    | 359,341    | (153,921)                   | 77,842     |
| EXPENDITURES   |            |            |                             |            |
| General government:                                  |            |            |                             |            |
| Services and supplies                                | -          | -          | -                           | 67         |
| Debt service:  |            |            |                             |            |
| Principal:   |            |            |                             |            |
| General obligation street bonds                      | -          | -          | -                           | 225,000    |
| Medium term obligations:                             |            |            |                             |            |
| 2003/2004 equipment                                  | -          | -          | -                           | 36,500     |
| Interpretive Center                                  | 75,000     | 75,000     | -                           | 75,000     |
|  | 75,000     | 75,000     | -                           | 336,567    |
| Interest:  |            |            |                             |            |
| General obligation street bonds                      | 243,833    | 176,199    | 67,634                      | 5,625      |
| Capital leases:                                      |            |            |                             |            |
| 2003/2004 equipment                                  | -          | -          | -                           | 793        |
| Interpretive Center                                  | 68,768     | 68,768     | -                           | 71,768     |
|  | 312,601    | 244,967    | 67,634                      | 78,186     |
| Total Expenditures                                   | 387,601    | 319,967    | 67,634                      | 414,753    |
| Excess (Deficiency) of Revenues<br>over Expenditures | 125,661    | 39,374     | (86,287)                    | (336,911)  |
| OTHER FINANCING SOURCES (USES)                       |            |            |                             |            |
| Transfers in:  |            |            |                             |            |
| Recreation Fund                                      | 143,768    | 143,768    | -                           | 153,243    |
| Capital Equipment Reserve Fund                       | -          | -          | -                           | 11,025     |
| Total Other Financing Sources (Uses)                 | 143,768    | 143,768    | -                           | 164,268    |
| Net Change in Fund Balance                           | 269,429    | 183,142    | (86,287)                    | (172,643)  |
| FUND BALANCE (DEFICIT), July 1                       | -          | (4,477)    | (4,477)                     | 168,166    |
| FUND BALANCE (DEFICIT), June 30                      | \$ 269,429 | \$ 178,665 | \$ (90,764)                 | \$ (4,477) |



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### **NONMAJOR CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Capital Projects Funds are comprised of the following:

Ad Valorem Capital Projects Fund – accounts for projects funded by capital projects ad valorem tax revenues.

Public Improvement Development Fund – revenues include collections from developers for costs relating to public capital improvements and development programs.

Capital Equipment Reserve Fund - accounts for the collection and disbursement of funds solely for the purpose of purchasing capital equipment or replacement of existing capital equipment.

Facility Reserve Fund – accounts for the collection and disbursement of funds solely for the purpose of improving existing facilities or constructing new facilities. The revenues will be derived from facility user fees, investment earnings and approved transfers.

Elko Redevelopment Agency Fund – accounts for the resources used for improvements and/or new construction of facilities and infrastructure for all activities associated with the Elko Redevelopment Agency area.

**CITY OF ELKO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2011**

|  | AD VALOREM<br>CAPITAL<br>PROJECTS<br>FUND | PUBLIC<br>IMPROVEMENT<br>DEVELOPMENT<br>FUND | CAPITAL<br>EQUIPMENT<br>RESERVE<br>FUND | FACILITY<br>RESERVE<br>FUND |
|--|---|--|---|-----------------------------|
| <b>ASSETS</b>                              |   |  |   |                             |
| Cash and investments                       | \$ 328,195                                | \$ 15,372                                    | \$ 341,226                              | \$ -                        |
| Interest receivable                        | 290                                       | 12   | 233                                     | -                           |
| Taxes receivable                           | -   | -  | 14,031                                  | -                           |
| Due from other governments                 | 198,183                                   | -  | 56,050                                  | -                           |
| Total Assets                               | <u>\$ 526,668</u>                         | <u>\$ 15,384</u>                             | <u>\$ 411,540</u>                       | <u>\$ -</u>                 |
| <b>LIABILITIES</b>                         |   |  |   |                             |
| Accounts payable                           | \$ -                                      | \$ -   | \$ 3,156                                | \$ -                        |
| Deferred revenue                           | 135,000                                   | -  | 14,031                                  | -                           |
| Total Liabilities                          | <u>135,000</u>                            | <u>-</u>                                     | <u>17,187</u>                           | <u>-</u>                    |
| <b>FUND BALANCES</b>                       |   |  |   |                             |
| Restricted                                 | 391,668                                   | -  | -                                       | -                           |
| Committed                                  | -   | 15,384                                       | 394,353                                 | -                           |
| Total Fund Balances                        | <u>391,668</u>                            | <u>15,384</u>                                | <u>394,353</u>                          | <u>-</u>                    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 526,668</u>                         | <u>\$ 15,384</u>                             | <u>\$ 411,540</u>                       | <u>\$ -</u>                 |

| ELKO<br>REDEVELOPMENT<br>AGENCY FUND |         | TOTAL        |
|--------------------------------------|---------|--------------|
| \$                                   | 249,923 | \$ 934,716   |
|                                      | 184     | 719          |
|                                      | 7,094   | 21,125       |
|                                      | 1,150   | 255,383      |
| \$                                   | 258,351 | \$ 1,211,943 |
| <hr/>                                |         |              |
| \$                                   | -       | \$ 3,156     |
|                                      | 7,094   | 156,125      |
|                                      | 7,094   | 159,281      |
|                                      | 251,257 | 642,925      |
|                                      | -       | 409,737      |
|                                      | 251,257 | 1,052,662    |
| \$                                   | 258,351 | \$ 1,211,943 |

**CITY OF ELKO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

|   | AD VALOREM<br>CAPITAL<br>PROJECTS<br>FUND | PUBLIC<br>IMPROVEMENT<br>DEVELOPMENT<br>FUND | CAPITAL<br>EQUIPMENT<br>RESERVE<br>FUND | FACILITY<br>RESERVE<br>FUND |
|---|---|--|---|-----------------------------|
| REVENUES  |   |  |   |                             |
| Taxes   | \$ 208,633                                | \$ -   | \$ 285,732                              | \$ -                        |
| Intergovernmental                                 | -   | -  | 324,172                                 | -                           |
| Miscellaneous                                     | 5,698                                     | 29   | 9,624                                   | -                           |
| Total Revenues                                    | 214,331                                   | 29   | 619,528                                 | -                           |
| EXPENDITURES                                      |   |  |   |                             |
| Current:  |   |  |   |                             |
| General government                                | 298                                       | 18   | 57,380                                  | -                           |
| Public safety                                     | -   | -  | 89,192                                  | -                           |
| Public works                                      | 148,868                                   | -  | 68,453                                  | -                           |
| Total Expenditures                                | 149,166                                   | 18   | 215,025                                 | -                           |
| Excess (Deficiency) of Revenues over Expenditures | 65,165                                    | 11   | 404,503                                 | -                           |
| OTHER FINANCING SOURCES (USES)                    |   |  |   |                             |
| Sale capital assets                               | -   | -  | 1,482                                   | -                           |
| Transfers out                                     | -   | -  | (567,315)                               | -                           |
| Total Other Financing Sources (Uses)              | -   | -  | (565,833)                               | -                           |
| Net Change in Fund Balances                       | 65,165                                    | 11   | (161,330)                               | -                           |
| FUND BALANCES, July 1                             | 326,503                                   | 15,373                                       | 555,683                                 | -                           |
| FUND BALANCES, June 30                            | \$ 391,668                                | \$ 15,384                                    | \$ 394,353                              | \$ -                        |

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ELKO  
REDEVELOPMENT  
AGENCY FUND

TOTAL

|       |         |       |           |
|-------|---------|-------|-----------|
| \$    | 114,284 | \$    | 608,649   |
|       | -       |       | 324,172   |
|       | 538     |       | 15,889    |
| <hr/> |         | <hr/> |           |
|       | 114,822 |       | 948,710   |
| <hr/> |         | <hr/> |           |
|       | 47,704  |       | 105,400   |
|       | -       |       | 89,192    |
|       | -       |       | 217,321   |
| <hr/> |         | <hr/> |           |
|       | 47,704  |       | 411,913   |
| <hr/> |         | <hr/> |           |
|       | 67,118  |       | 536,797   |
| <hr/> |         | <hr/> |           |
|       | -       |       | 1,482     |
|       | -       |       | (567,315) |
| <hr/> |         | <hr/> |           |
|       | -       |       | (565,833) |
| <hr/> |         | <hr/> |           |
|       | 67,118  |       | (29,036)  |
|       | 184,139 |       | 1,081,698 |
| <hr/> |         | <hr/> |           |
| \$    | 251,257 | \$    | 1,052,662 |
| <hr/> |         | <hr/> |           |

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**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**AD VALOREM CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|                            | <u>BUDGET</u>  | <u>ACTUAL</u>     | <u>VARIANCE TO<br/>FINAL BUDGET</u> | <u>2010</u>       |
|----------------------------|----------------|-------------------|-------------------------------------|-------------------|
| REVENUES                   |                |                   |                                     |                   |
| Taxes:                     |                |                   |                                     |                   |
| Ad valorem                 | \$ 196,483     | \$ 208,633        | \$ 12,150                           | \$ 215,628        |
| Intergovernmental:         |                |                   |                                     |                   |
| Downtown lighting project  | -              | -                 | -                                   | 106,802           |
| Miscellaneous:             |                |                   |                                     |                   |
| Other                      | 4,300          | 4,749             | 449                                 | 4,899             |
| Investment earnings        | 1,000          | 949               | (51)                                | (1,077)           |
|                            | <u>5,300</u>   | <u>5,698</u>      | <u>398</u>                          | <u>3,822</u>      |
| Total Revenues             | <u>201,783</u> | <u>214,331</u>    | <u>12,548</u>                       | <u>326,252</u>    |
| EXPENDITURES               |                |                   |                                     |                   |
| General government:        |                |                   |                                     |                   |
| Services and supplies      | 300            | 298               | 2                                   | 199               |
| Public works:              |                |                   |                                     |                   |
| Highways / streets:        |                |                   |                                     |                   |
| Capital outlay             | <u>498,873</u> | <u>148,868</u>    | <u>350,005</u>                      | <u>125,855</u>    |
| Total Expenditures         | <u>499,173</u> | <u>149,166</u>    | <u>350,007</u>                      | <u>126,054</u>    |
| Net Change in Fund Balance | (297,390)      | 65,165            | 362,555                             | 200,198           |
| FUND BALANCE, July 1       | <u>297,390</u> | <u>326,503</u>    | <u>29,113</u>                       | <u>126,305</u>    |
| FUND BALANCE, June 30      | <u>\$ -</u>    | <u>\$ 391,668</u> | <u>\$ 391,668</u>                   | <u>\$ 326,503</u> |

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**PUBLIC IMPROVEMENT DEVELOPMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|                            | <u>BUDGET</u> | <u>ACTUAL</u>    | <u>VARIANCE TO<br/>FINAL BUDGET</u> | <u>2010</u>      |
|----------------------------|---------------|------------------|-------------------------------------|------------------|
| REVENUES                   |               |                  |                                     |                  |
| Miscellaneous:             |               |                  |                                     |                  |
| Investment earnings        | \$ 100        | \$ 29            | \$ (71)                             | \$ 1             |
| Other                      | <u>1,000</u>  | <u>-</u>         | <u>(1,000)</u>                      | <u>-</u>         |
| Total Revenue              | <u>1,100</u>  | <u>29</u>        | <u>(1,071)</u>                      | <u>1</u>         |
| EXPENDITURES               |               |                  |                                     |                  |
| General government:        |               |                  |                                     |                  |
| Services and supplies      | 25            | 18               | 7                                   | 19               |
| Public Works:              |               |                  |                                     |                  |
| Capital outlay             | <u>16,466</u> | <u>-</u>         | <u>16,466</u>                       | <u>-</u>         |
| Total Expenditures         | <u>16,491</u> | <u>18</u>        | <u>16,473</u>                       | <u>19</u>        |
| Net Change in Fund Balance | (15,391)      | 11               | 15,402                              | (18)             |
| FUND BALANCE, July 1       | <u>15,391</u> | <u>15,373</u>    | <u>(18)</u>                         | <u>15,391</u>    |
| FUND BALANCE, June 30      | <u>\$ -</u>   | <u>\$ 15,384</u> | <u>\$ 15,384</u>                    | <u>\$ 15,373</u> |



**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL EQUIPMENT RESERVE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*  
*(Page 1 of 2)*

|  | BUDGET     | ACTUAL     | VARIANCE TO<br>FINAL BUDGET | 2010       |
|--|------------|------------|-----------------------------|------------|
| <b>REVENUES</b>                            |            |            |                             |            |
| Taxes:                                     |            |            |                             |            |
| Ad valorem                                 | \$ 303,426 | \$ 285,732 | \$ (17,694)                 | \$ 288,578 |
| Intergovernmental:                         |            |            |                             |            |
| Mobile Computing Technology - Police Grant | 39,037     | 39,037     | -                           | 60,881     |
| Basic city / county relief tax             | 49,307     | 62,330     | 13,023                      | 50,982     |
| Supplemental city / county relief tax      | 170,568    | 222,805    | 52,237                      | 177,574    |
|  | 258,912    | 324,172    | 65,260                      | 289,437    |
| Miscellaneous:                             |            |            |                             |            |
| Investment earnings                        | 2,500      | 126        | (2,374)                     | 4,538      |
| Other                                      | 6,000      | 9,498      | 3,498                       | 7,000      |
|  | 8,500      | 9,624      | 1,124                       | 11,538     |
| Total Revenues                             | 570,838    | 619,528    | 48,690                      | 589,553    |
| <b>EXPENDITURES</b>                        |            |            |                             |            |
| General government:                        |            |            |                             |            |
| Administration:                            |            |            |                             |            |
| Services and supplies                      | 525        | 501        | 24                          | 693        |
| Information systems:                       |            |            |                             |            |
| Capital outlay                             | 57,000     | 56,879     | 121                         | 50,253     |
|  | 57,525     | 57,380     | 145                         | 50,946     |
| Public safety:                             |            |            |                             |            |
| Police:                                    |            |            |                             |            |
| Services and supplies                      | -          | -          | -                           | 27,755     |
| Capital outlay                             | 86,912     | 89,192     | (2,280)                     | 246,983    |
| Fire:                                      |            |            |                             |            |
| Capital outlay                             | -          | -          | -                           | 14,061     |
|  | 86,912     | 89,192     | (2,280)                     | 288,799    |
| Public works:                              |            |            |                             |            |
| Highways / streets:                        |            |            |                             |            |
| Capital outlay                             | 44,600     | 44,513     | 87                          | 228,393    |
| Facilities:                                |            |            |                             |            |
| Capital outlay                             | 24,000     | 23,940     | 60                          | 52,702     |
| Fleet maintenance:                         |            |            |                             |            |
| Capital outlay                             | -          | -          | -                           | 13,995     |
|  | 68,600     | 68,453     | 147                         | 295,090    |

CITY OF ELKO  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
CAPITAL EQUIPMENT RESERVE FUND  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Actual Amounts for the Year Ended June 30, 2010)  
(Page 2 of 2)

|  | BUDGET     | ACTUAL     | VARIANCE TO<br>FINAL BUDGET | 2010       |
|--|------------|------------|-----------------------------|------------|
| Animal shelter:                                      |            |            |                             |            |
| Capital outlay                                       | -          | -          | -                           | 20,989     |
|  | -          | -          | -                           | 20,989     |
| Culture and recreation:                              |            |            |                             |            |
| Parks / recreation facilities:                       |            |            |                             |            |
| Capital outlay                                       | -          | -          | -                           | 46,448     |
| Total Expenditures                                   | 213,037    | 215,025    | (1,988)                     | 702,272    |
| Excess (Deficiency) of Revenues<br>over Expenditures | 357,801    | 404,503    | 46,702                      | (112,719)  |
| OTHER FINANCING SOURCES (USES)                       |            |            |                             |            |
| Sale of capital assets                               | -          | 1,482      | 1,482                       | -          |
| Transfers out:                                       |            |            |                             |            |
| Debt Service Fund                                    | -          | -          | -                           | (11,025)   |
| General Fund   | (567,315)  | (567,315)  | -                           | -          |
| Total Other Financing Sources (Uses)                 | (567,315)  | (565,833)  | 1,482                       | (11,025)   |
| Net Change in Fund Balance                           | (209,514)  | (161,330)  | 48,184                      | (123,744)  |
| FUND BALANCE, July 1                                 | 552,584    | 555,683    | 3,099                       | 679,427    |
| FUND BALANCE, June 30                                | \$ 343,070 | \$ 394,353 | \$ 51,283                   | \$ 555,683 |

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**FACILITY RESERVE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|  | <u>BUDGET</u>      | <u>ACTUAL</u>      | <u>VARIANCE TO<br/>FINAL BUDGET</u> | <u>2010</u>        |
|--|--------------------|--------------------|-------------------------------------|--------------------|
| REVENUES   |                    |                    |                                     |                    |
| Miscellaneous:                                       |                    |                    |                                     |                    |
| Investment earnings                                  | \$ -               | \$ -               | \$ -                                | \$ (1,207)         |
| Total Revenues                                       | <u>-</u>           | <u>-</u>           | <u>-</u>                            | <u>(1,207)</u>     |
| EXPENDITURES   |                    |                    |                                     |                    |
| Public safety:                                       |                    |                    |                                     |                    |
| Fire:  |                    |                    |                                     |                    |
| Capital outlay                                       | <u>-</u>           | <u>-</u>           | <u>-</u>                            | <u>19,244</u>      |
| Public works:  |                    |                    |                                     |                    |
| Facilities:  |                    |                    |                                     |                    |
| Capital outlay                                       | <u>-</u>           | <u>-</u>           | <u>-</u>                            | <u>20,160</u>      |
| Engineering:   |                    |                    |                                     |                    |
| Services and supplies                                | <u>-</u>           | <u>-</u>           | <u>-</u>                            | <u>14,340</u>      |
|  | <u>-</u>           | <u>-</u>           | <u>-</u>                            | <u>34,500</u>      |
| Health:  |                    |                    |                                     |                    |
| Animal shelter:                                      |                    |                    |                                     |                    |
| Capital outlay                                       | <u>-</u>           | <u>-</u>           | <u>-</u>                            | <u>10,204</u>      |
| Total Expenditures                                   | <u>-</u>           | <u>-</u>           | <u>-</u>                            | <u>63,948</u>      |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>-</u>           | <u>-</u>           | <u>-</u>                            | <u>(65,155)</u>    |
| FUND BALANCE, July 1                                 | <u>-</u>           | <u>-</u>           | <u>-</u>                            | <u>65,155</u>      |
| FUND BALANCE, June 30                                | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>                  | <u><u>\$ -</u></u> |

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**ELKO REDEVELOPMENT AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|                            | BUDGET    | ACTUAL     | VARIANCE TO<br>FINAL BUDGET | 2010       |
|----------------------------|-----------|------------|-----------------------------|------------|
| REVENUES                   |           |            |                             |            |
| Taxes                      |           |            |                             |            |
| Ad valorem                 | 67,260    | 114,284    | 47,024                      | 93,923     |
| Miscellaneous:             |           |            |                             |            |
| Investment earnings        | 100       | 538        | 438                         | 1,495      |
| Total Revenues             | 67,360    | 114,822    | 47,462                      | 95,418     |
| EXPENDITURES               |           |            |                             |            |
| General government:        |           |            |                             |            |
| Services and supplies      | 25,000    | 47,704     | (22,704)                    | 91         |
| Capital Outlay             | 195,728   | -          | 195,728                     | -          |
| Total Expenditures         | 220,728   | 47,704     | 173,024                     | 91         |
| Net Change in Fund Balance | (153,368) | 67,118     | 220,486                     | 95,327     |
| FUND BALANCE, July 1       | 153,368   | 184,139    | 30,771                      | 88,812     |
| FUND BALANCE, June 30      | \$ -      | \$ 251,257 | \$ 251,257                  | \$ 184,139 |

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#### **REVENUE STABILIZATION FUND – BUDGETARY BASIS**

Revenue Stabilization Fund – accounts for the collection and disbursement of funds solely for the purpose of stabilizing revenues in those years that anticipated revenues do not meet original projections. The revenues will be derived from excess fund balance of the General Fund as determined by the Sustained Service and Revenue Policy.

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**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**REVENUE STABILIZATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|  | <u>BUDGET</u>     | <u>ACTUAL</u>       | <u>VARIANCE TO<br/>FINAL BUDGET</u> | <u>2010</u>       |
|--|-------------------|---------------------|-------------------------------------|-------------------|
| REVENUES   |                   |                     |                                     |                   |
| Miscellaneous:                                       |                   |                     |                                     |                   |
| Investment earnings                                  | <u>\$ -</u>       | <u>\$ 1,028</u>     | <u>\$ 1,028</u>                     | <u>\$ 2,207</u>   |
| EXPENDITURES   |                   |                     |                                     |                   |
| General Government:                                  |                   |                     |                                     |                   |
| Services and supplies                                | <u>-</u>          | <u>418</u>          | <u>(418)</u>                        | <u>575</u>        |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>-</u>          | <u>610</u>          | <u>1,446</u>                        | <u>1,632</u>      |
| OTHER FINANCING SOURCES (USES)                       |                   |                     |                                     |                   |
| Transfers in:  |                   |                     |                                     |                   |
| General Fund   | <u>-</u>          | <u>964,000</u>      | <u>964,000</u>                      | <u>-</u>          |
| Transfers out:                                       |                   |                     |                                     |                   |
| General Fund   | <u>(220,000)</u>  | <u>(220,000)</u>    | <u>-</u>                            | <u>-</u>          |
| Total Transfers                                      | <u>(220,000)</u>  | <u>744,000</u>      | <u>964,000</u>                      | <u>-</u>          |
| Net Change in Fund Balance                           | <u>(220,000)</u>  | <u>744,610</u>      | <u>964,610</u>                      | <u>1,632</u>      |
| FUND BALANCE, July 1                                 | <u>460,000</u>    | <u>461,047</u>      | <u>1,047</u>                        | <u>459,415</u>    |
| FUND BALANCE, June 30                                | <u>\$ 240,000</u> | <u>\$ 1,205,657</u> | <u>\$ 965,657</u>                   | <u>\$ 461,047</u> |

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## **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations which are financed and operated in a manner similar to private business enterprises – where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes. The Enterprise Funds consist of the following:

### **Major Enterprise Funds**

Water Fund – accounts for municipal water service.

Sewer Fund – accounts for municipal sewer service and improvements to sewer facilities.

Airport Fund – accounts for the Elko Regional Airport and associated costs.

Landfill Fund – accounts for regional landfill and associated costs.

### **Nonmajor Enterprise Funds**

Golf Fund – accounts for the Elko Municipal Golf Course and associated costs.

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**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**WATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|   | BUDGET       | ACTUAL        | VARIANCE TO<br>FINAL BUDGET | 2010          |
|---|--------------|---------------|-----------------------------|---------------|
| Operating Revenues:                         |              |               |                             |               |
| Charges for services:                       |              |               |                             |               |
| Water user fees                             | \$ 3,133,721 | \$ 3,088,946  | \$ (44,775)                 | \$ 3,043,452  |
| Miscellaneous:                              |              |               |                             |               |
| Other                                       | 55,000       | 97,682        | 42,682                      | 65,601        |
| Total Operating Revenues                    | 3,188,721    | 3,186,628     | (2,093)                     | 3,109,053     |
| Operating Expenses:                         |              |               |                             |               |
| Administration:                             |              |               |                             |               |
| Salaries and wages                          | 122,370      | 116,721       | 5,649                       | 121,607       |
| Employee benefits                           | 53,315       | 63,320        | (10,005)                    | 62,199        |
| Services and supplies                       | 222,965      | 222,060       | 905                         | 159,442       |
|   | 398,650      | 402,101       | (3,451)                     | 343,248       |
| Operating:                                  |              |               |                             |               |
| Salaries and wages                          | 474,350      | 415,332       | 59,018                      | 423,257       |
| Employee benefits                           | 205,550      | 213,816       | (8,266)                     | 212,304       |
| Services and supplies                       | 404,165      | 375,874       | 28,291                      | 436,884       |
|   | 1,084,065    | 1,005,022     | 79,043                      | 1,072,445     |
| Plant and facilities:                       |              |               |                             |               |
| Salaries and wages                          | 87,575       | 80,323        | 7,252                       | 56,686        |
| Employee benefits                           | 43,435       | 44,487        | (1,052)                     | 30,597        |
| Services and supplies                       | 929,600      | 645,829       | 283,771                     | 765,639       |
|   | 1,060,610    | 770,639       | 289,971                     | 852,922       |
| Depreciation                                | 410,042      | 400,291       | 9,751                       | 367,200       |
| Total Operating Expenses                    | 2,953,367    | 2,578,053     | 375,314                     | 2,635,815     |
| Operating Income (Loss)                     | 235,354      | 608,575       | 373,221                     | 473,238       |
| Nonoperating Revenues:                      |              |               |                             |               |
| Investment earnings                         | 75,000       | 10,503        | (64,497)                    | 24,923        |
| Gain (loss) from disposal of capital assets | -            | -             | -                           | 1,805         |
| Total Nonoperating Revenues                 | 75,000       | 10,503        | (64,497)                    | 26,728        |
| Income Before Capital Contributions         | 310,354      | 619,078       | 308,724                     | 499,966       |
| Capital Contributions:                      |              |               |                             |               |
| Connection fees                             | 100,000      | 444,207       | 344,207                     | 387,074       |
| Change in Net Assets                        | \$ 410,354   | 1,063,285     | \$ 652,931                  | 887,040       |
| Net Assets, Beginning of Year               |              | 18,091,885    |                             | 17,204,845    |
| Net Assets, End of Year                     |              | \$ 19,155,170 |                             | \$ 18,091,885 |



**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**SEWER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*  
*(Page 1 of 2)*

|                            | BUDGET             | ACTUAL             | VARIANCE TO<br>FINAL BUDGET | 2010               |
|----------------------------|--------------------|--------------------|-----------------------------|--------------------|
| Operating Revenues:        |                    |                    |                             |                    |
| Charges for services:      |                    |                    |                             |                    |
| Sewer user fees            | \$ 2,172,876       | \$ 2,129,305       | \$ (43,571)                 | \$ 2,107,339       |
| Septic tank receiving fees | 100,000            | 124,703            | 24,703                      | 113,712            |
|                            | <u>2,272,876</u>   | <u>2,254,008</u>   | <u>(18,868)</u>             | <u>2,221,051</u>   |
| Miscellaneous:             |                    |                    |                             |                    |
| Plumbing permits           | -                  | -                  | -                           | -                  |
| Other                      | 25,000             | 33,669             | 8,669                       | 26,420             |
|                            | <u>25,000</u>      | <u>33,669</u>      | <u>8,669</u>                | <u>26,420</u>      |
| Total Operating Revenues   | <u>2,297,876</u>   | <u>2,287,677</u>   | <u>(10,199)</u>             | <u>2,247,471</u>   |
| Operating Expenses:        |                    |                    |                             |                    |
| Administration:            |                    |                    |                             |                    |
| Salaries and wages         | 126,600            | 125,284            | 1,316                       | 130,567            |
| Employee benefits          | 60,640             | 67,846             | (7,206)                     | 66,717             |
| Services and supplies      | 192,716            | 176,049            | 16,667                      | 162,198            |
|                            | <u>379,956</u>     | <u>369,179</u>     | <u>10,777</u>               | <u>359,482</u>     |
| Operating:                 |                    |                    |                             |                    |
| Salaries and wages         | 26,575             | 26,512             | 63                          | 21,347             |
| Employee benefits          | 13,640             | 15,460             | (1,820)                     | 10,893             |
| Services and supplies      | 171,145            | 174,598            | (3,453)                     | 47,571             |
|                            | <u>211,360</u>     | <u>216,570</u>     | <u>(5,210)</u>              | <u>79,811</u>      |
| Plant and facilities:      |                    |                    |                             |                    |
| Salaries and wages         | 444,705            | 409,655            | 35,050                      | 419,941            |
| Employee benefits          | 195,025            | 209,096            | (14,071)                    | 204,682            |
| Services and supplies      | 1,212,115          | 1,151,355          | 60,760                      | 1,068,406          |
|                            | <u>1,851,845</u>   | <u>1,770,106</u>   | <u>81,739</u>               | <u>1,693,029</u>   |
| Laboratory:                |                    |                    |                             |                    |
| Salaries and wages         | 60,200             | 60,165             | 35                          | 60,767             |
| Employee benefits          | 26,336             | 31,278             | (4,942)                     | 29,495             |
| Services and supplies      | 48,925             | 36,891             | 12,034                      | 26,690             |
|                            | <u>135,461</u>     | <u>128,334</u>     | <u>7,127</u>                | <u>116,952</u>     |
| Depreciation               | <u>1,667,311</u>   | <u>1,361,986</u>   | <u>305,325</u>              | <u>1,320,048</u>   |
| Total Operating Expenses   | <u>4,245,933</u>   | <u>3,846,175</u>   | <u>399,758</u>              | <u>3,569,322</u>   |
| Operating Income (Loss)    | <u>(1,948,057)</u> | <u>(1,558,498)</u> | <u>389,559</u>              | <u>(1,321,851)</u> |

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**SEWER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*  
*(Page 2 of 2)*

|  | <u>BUDGET</u>     | <u>ACTUAL</u>        | <u>VARIANCE TO<br/>FINAL BUDGET</u> | <u>2010</u>          |
|--|-------------------|----------------------|-------------------------------------|----------------------|
| Nonoperating Revenues (Expenses):                        |                   |                      |                                     |                      |
| Sewer improvement user fees                              | 2,909,692         | 2,848,904            | (60,788)                            | 2,821,613            |
| Investment earnings                                      | 100,000           | 17,910               | (82,090)                            | 45,484               |
| Interest expense   | (62,297)          | (62,297)             | -                                   | (74,921)             |
| Total Nonoperating Revenues (Expenses)                   | <u>2,947,395</u>  | <u>2,804,517</u>     | <u>(142,878)</u>                    | <u>2,792,176</u>     |
| Income (Loss) Before Capital Contributions and Transfers | <u>999,338</u>    | <u>1,246,019</u>     | <u>246,681</u>                      | <u>1,470,325</u>     |
| Capital Contributions In:                                |                   |                      |                                     |                      |
| Connection fees  | <u>150,000</u>    | <u>604,260</u>       | <u>454,260</u>                      | <u>497,408</u>       |
| Transfers Out:   |                   |                      |                                     |                      |
| Airport Fund   | <u>(375,000)</u>  | <u>-</u>             | <u>375,000</u>                      | <u>-</u>             |
| Change in Net Assets                                     | <u>\$ 774,338</u> | <u>1,850,279</u>     | <u>\$ 1,075,941</u>                 | <u>1,967,733</u>     |
| Net Assets, Beginning of Year                            |                   | <u>27,849,986</u>    |                                     | <u>25,882,253</u>    |
| Net Assets, End of Year                                  |                   | <u>\$ 29,700,265</u> |                                     | <u>\$ 27,849,986</u> |

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**AIRPORT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*  
*(Page 1 of 2)*

|   | BUDGET             | ACTUAL             | VARIANCE TO<br>FINAL BUDGET | 2010               |
|---|--------------------|--------------------|-----------------------------|--------------------|
| Operating Revenues:                     |                    |                    |                             |                    |
| Intergovernmental:                      |                    |                    |                             |                    |
| State fuel tax                          | \$ 2,144           | \$ 2,510           | \$ 366                      | \$ 2,164           |
| Federal grant AIP 36                    | 28,500             | 28,500             | -                           | 31,825             |
| Federal grant AIP 37                    | 46,656             | 46,656             | -                           | 14,360             |
| Local fuel tax                          | 16,247             | 16,079             | (168)                       | 13,584             |
|   | <u>93,547</u>      | <u>93,745</u>      | <u>198</u>                  | <u>61,933</u>      |
| Charges for services:                   |                    |                    |                             |                    |
| Landing fees                            | 60,742             | 64,513             | 3,771                       | 62,788             |
| Weather service data                    | 3,000              | 3,000              | -                           | 3,000              |
| Parking fees                            | 108,000            | 130,494            | 22,494                      | 109,146            |
| Other                                   | -                  | 383                | 383                         | 2,530              |
| Passenger Facility Charges              | 60,000             | 87,730             | 27,730                      | 78,833             |
|   | <u>231,742</u>     | <u>286,120</u>     | <u>54,378</u>               | <u>256,297</u>     |
| Miscellaneous:                          |                    |                    |                             |                    |
| Rent - hanger                           | 34,122             | 34,397             | 275                         | 34,166             |
| Rent - tie-downs                        | 6,463              | 4,013              | (2,450)                     | 5,093              |
| Rent - terminal                         | 131,356            | 128,892            | (2,464)                     | 128,893            |
| Terminal advertising fee                | 7,201              | 4,288              | (2,913)                     | 6,376              |
| Rent - airport                          | 171,477            | 172,757            | 1,280                       | 167,443            |
| Old terminal leases                     | 62,810             | 67,187             | 4,377                       | 62,808             |
| Rental car leases                       | 207,223            | 251,581            | 44,358                      | 195,787            |
| Concession rental                       | 1,000              | 2,182              | 1,182                       | -                  |
| Miscellaneous                           | 23,809             | 24,673             | 864                         | 23,168             |
|   | <u>645,461</u>     | <u>689,970</u>     | <u>44,509</u>               | <u>623,734</u>     |
| Total Operating Revenues                | <u>970,750</u>     | <u>1,069,835</u>   | <u>99,085</u>               | <u>941,964</u>     |
| Operating Expenses:                     |                    |                    |                             |                    |
| Airport operations:                     |                    |                    |                             |                    |
| Salaries and wages                      | 293,260            | 293,213            | 47                          | 289,504            |
| Employee benefits                       | 131,090            | 154,768            | (23,678)                    | 140,757            |
| Services and supplies                   | 405,416            | 243,045            | 162,371                     | 229,594            |
|   | <u>829,766</u>     | <u>691,026</u>     | <u>138,740</u>              | <u>659,855</u>     |
| Airport terminal operations:            |                    |                    |                             |                    |
| Services and supplies                   | 129,420            | 119,953            | 9,467                       | 121,768            |
| Depreciation - City funded              | 294,276            | 287,338            | 6,938                       | 273,699            |
| Depreciation - Federal portion unfunded | 2,197,893          | 2,190,470          | 7,423                       | 2,023,722          |
|   | <u>2,492,169</u>   | <u>2,477,808</u>   | <u>14,361</u>               | <u>2,297,421</u>   |
| Total Operating Expenses                | <u>3,451,355</u>   | <u>3,288,787</u>   | <u>162,568</u>              | <u>3,079,044</u>   |
| Operating Income (Loss)                 | <u>(2,480,605)</u> | <u>(2,218,952)</u> | <u>261,653</u>              | <u>(2,137,080)</u> |

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**AIRPORT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*  
*(Page 2 of 2)*

|   | BUDGET              | ACTUAL               | VARIANCE TO<br>FINAL BUDGET | 2010                 |
|---|---------------------|----------------------|-----------------------------|----------------------|
| Nonoperating Revenues (Expenses):                           |                     |                      |                             |                      |
| Investment earnings   | 100                 | 182                  | 82                          | (134)                |
| Apron failure expenses                                      | (375,000)           | (221,920)            | 153,080                     | (201,091)            |
| Amortization expense  | -                   | (7,005)              | (7,005)                     | (4,086)              |
| Interest expense  | (170,880)           | (169,680)            | 1,200                       | (201,011)            |
| Total Nonoperating Revenues (Expenses)                      | (545,780)           | (398,423)            | 147,357                     | (406,322)            |
| Income (Loss) Before Capital Contributions<br>and Transfers | (3,026,385)         | (2,617,375)          | 409,010                     | (2,543,402)          |
| Capital Contributions:                                      |                     |                      |                             |                      |
| Federal Grant AIP 32  | -                   | -                    | -                           | 197,530              |
| Federal Grant AIP 33  | -                   | 3,325                | 3,325                       | 202,958              |
| Federal Grant AIP 35  | -                   | 2,418                | 2,418                       | 241,705              |
| Federal Grant AIP 38  | 6,270,000           | 572,610              | (5,697,390)                 | -                    |
| Federal Grant AIP 39  | -                   | 179,550              | 179,550                     | -                    |
| Total Contributions   | 6,270,000           | 757,903              | (5,512,097)                 | 642,193              |
| Transfers In:   |                     |                      |                             |                      |
| Sewer Fund  | 375,000             | -                    | (375,000)                   | -                    |
| General Fund  | 75,000              | 75,000               | -                           | 375,000              |
| Recreation Fund   | 330,880             | 330,880              | -                           | 370,264              |
| Total Transfers   | 780,880             | 405,880              | (375,000)                   | 745,264              |
| Change in Net Assets  | <u>\$ 4,024,495</u> | <u>(1,453,592)</u>   | <u>(5,478,087)</u>          | <u>(1,155,945)</u>   |
| Net Assets, Beginning of Year, as originally reported       |                     | 29,436,395           |                             | 30,592,340           |
| Prior period adjustment                                     |                     | (48,615)             |                             | -                    |
| Net Assets, Beginning of Year, as restated                  |                     | <u>29,387,780</u>    |                             | <u>30,592,340</u>    |
| Net Assets, End of Year                                     |                     | <u>\$ 27,934,188</u> |                             | <u>\$ 29,436,395</u> |

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**LANDFILL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|   | BUDGET       | ACTUAL       | VARIANCE TO<br>FINAL BUDGET | 2010         |
|---|--------------|--------------|-----------------------------|--------------|
| Operating Revenues:                       |              |              |                             |              |
| Charges for services:                     |              |              |                             |              |
| Landfill user fees                        | \$ 1,368,767 | \$ 1,556,831 | \$ 188,064                  | \$ 1,384,455 |
| Miscellaneous:                            |              |              |                             |              |
| Franchise fees                            | 26,727       | 28,490       | 1,763                       | 24,920       |
| Other                                     | 22,500       | 23,936       | 1,436                       | 22,161       |
|   | 49,227       | 52,426       | 3,199                       | 47,081       |
| Total Operating Revenues                  | 1,417,994    | 1,609,257    | 191,263                     | 1,431,536    |
| Operating Expenses:                       |              |              |                             |              |
| Administration:                           |              |              |                             |              |
| Salaries and wages                        | 46,475       | 45,829       | 646                         | 48,261       |
| Employee benefits                         | 22,295       | 24,014       | (1,719)                     | 24,045       |
| Services and supplies                     | 75,981       | 62,737       | 13,244                      | 63,900       |
|   | 144,751      | 132,580      | 12,171                      | 136,206      |
| Operating:                                |              |              |                             |              |
| Salaries and wages                        | 361,925      | 361,887      | 38                          | 365,164      |
| Employee benefits                         | 148,165      | 178,745      | (30,580)                    | 172,856      |
| Services and supplies                     | 668,700      | 581,011      | 87,689                      | 542,022      |
|   | 1,178,790    | 1,121,643    | 57,147                      | 1,080,042    |
| Depreciation                              | 111,888      | 94,547       | 17,341                      | 94,485       |
| Total Operating Expenses                  | 1,435,429    | 1,348,770    | 86,659                      | 1,310,733    |
| Operating Income (Loss)                   | (17,435)     | 260,487      | 277,922                     | 120,803      |
| Nonoperating Revenues (Expenses):         |              |              |                             |              |
| Investment earnings                       | 15,000       | 1,502        | (13,498)                    | 3,474        |
| Gain (loss) on disposal of capital assets | -            | (137,834)    | (137,834)                   | 1,045        |
| Interest expense                          | (13,750)     | -            | 13,750                      | (639)        |
| Total Nonoperating Revenues (Expenses)    | 1,250        | (136,332)    | (137,582)                   | 3,880        |
| Change in Net Assets                      | \$ (16,185)  | 124,155      | \$ 140,340                  | 124,683      |
| Net Assets, Beginning of Year             |              | 2,689,951    |                             | 2,565,268    |
| Net Assets, End of Year                   |              | \$ 2,814,106 |                             | \$ 2,689,951 |

**CITY OF ELKO**  
**SCHEDULE OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUND**  
**GOLF FUND**  
**JUNE 30, 2011**

*(With Comparative Actual Amounts at June 30, 2010)*

|  | GOLF<br>FUND        | 2010                |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| Current assets:  |                     |                     |
| Cash and investments                                   | \$ 199,797          | \$ 155,320          |
| Interest receivable                                    | 113                 | 260                 |
| Accounts receivable                                    | 21,653              | 7,385               |
| Total Current Assets                                   | <u>221,563</u>      | <u>162,965</u>      |
| Noncurrent assets:                                     |                     |                     |
| Capital assets - land                                  | 9,045               | 9,045               |
| Capital assets being depreciated:                      |                     |                     |
| Buildings  | 677,887             | 677,887             |
| Improvements other than buildings                      | 565,918             | 565,918             |
| Machinery and equipment                                | 559,062             | 546,062             |
| Construction in progress                               | 2,112               | 2,112               |
| Less accumulated depreciation                          | <u>(770,535)</u>    | <u>(718,258)</u>    |
| Total Capital Assets (Net of Accumulated Depreciation) | <u>1,034,444</u>    | <u>1,073,721</u>    |
| Total Noncurrent Assets                                | <u>1,043,489</u>    | <u>1,082,766</u>    |
| Total Assets   | <u>1,265,052</u>    | <u>1,245,731</u>    |
| <b>LIABILITIES</b>                                     |                     |                     |
| Current liabilities:                                   |                     |                     |
| Accounts payable                                       | 15,494              | 24,420              |
| Accrued salaries                                       | 12,022              | 17,891              |
| Compensated absences                                   | 14,391              | 12,962              |
| Other current liabilities                              | <u>338</u>          | <u>338</u>          |
| Total Current Liabilities                              | <u>42,245</u>       | <u>55,611</u>       |
| Noncurrent liabilities:                                |                     |                     |
| Compensated absences                                   | 39,049              | 38,535              |
| Net OPEB obligation                                    | <u>61,435</u>       | <u>40,988</u>       |
| Total Noncurrent Liabilities                           | <u>100,484</u>      | <u>79,523</u>       |
| Total Liabilities                                      | <u>142,729</u>      | <u>135,134</u>      |
| <b>NET ASSETS</b>                                      |                     |                     |
| Invested in capital assets, net of related debt        | 1,043,489           | 1,082,766           |
| Unrestricted   | <u>78,834</u>       | <u>27,831</u>       |
| <b>TOTAL NET ASSETS</b>                                | <u>\$ 1,122,323</u> | <u>\$ 1,110,597</u> |

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**GOLF FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|   | BUDGET             | ACTUAL              | VARIANCE TO<br>FINAL BUDGET | 2010                |
|---|--------------------|---------------------|-----------------------------|---------------------|
| Operating Revenues:   |                    |                     |                             |                     |
| Charges for services:                                       |                    |                     |                             |                     |
| Green fees  | \$ 191,395         | \$ 205,951          | \$ 14,556                   | \$ 180,231          |
| Membership fees   | 257,550            | 256,999             | (551)                       | 254,990             |
| Tournament fees   | 32,000             | 35,950              | 3,950                       | 41,426              |
| Cart path fees  | 32,320             | 40,274              | 7,954                       | 35,680              |
| Golf cart shed rentals                                      | 32,500             | 32,463              | (37)                        | 34,607              |
| Golf concession rentals                                     | 7,400              | 7,400               | -                           | 7,000               |
|   | <u>553,165</u>     | <u>579,037</u>      | <u>25,872</u>               | <u>553,934</u>      |
| Miscellaneous:  |                    |                     |                             |                     |
| Other   | 15,000             | 10,442              | (4,558)                     | 12,437              |
| Total Operating Revenues                                    | <u>568,165</u>     | <u>589,479</u>      | <u>21,314</u>               | <u>566,371</u>      |
| Operating Expenses:   |                    |                     |                             |                     |
| Culture and recreation:                                     |                    |                     |                             |                     |
| Administration:   |                    |                     |                             |                     |
| Salaries and wages  | 17,010             | 15,827              | 1,183                       | 16,866              |
| Employee benefits   | 17,775             | 8,746               | 9,029                       | 13,449              |
|   | <u>34,785</u>      | <u>24,573</u>       | <u>10,212</u>               | <u>30,315</u>       |
| Operations:   |                    |                     |                             |                     |
| Salaries and wages  | 228,475            | 222,306             | 6,169                       | 218,438             |
| Employee benefits   | 85,715             | 102,001             | (16,286)                    | 99,993              |
| Services and supplies                                       | 239,252            | 223,012             | 16,240                      | 229,019             |
|   | <u>553,442</u>     | <u>547,319</u>      | <u>6,123</u>                | <u>547,450</u>      |
| Depreciation  | 51,847             | 52,277              | (430)                       | 47,348              |
| Total Operating Expenses                                    | <u>640,074</u>     | <u>624,169</u>      | <u>15,905</u>               | <u>625,113</u>      |
| Operating Income (Loss)                                     | <u>(71,909)</u>    | <u>(34,690)</u>     | <u>37,219</u>               | <u>(58,742)</u>     |
| Nonoperating Revenues (Expenses):                           |                    |                     |                             |                     |
| Investment earnings   | 50                 | (77)                | (127)                       | 650                 |
| Gain (loss) on disposal of capital assets                   | -                  | 935                 | 935                         | -                   |
| Interest expense  | -                  | -                   | -                           | (76)                |
| Total Nonoperating Revenues (Expenses)                      | <u>50</u>          | <u>858</u>          | <u>808</u>                  | <u>574</u>          |
| Income (Loss) Before Capital<br>Contributions and Transfers | <u>(71,859)</u>    | <u>(33,832)</u>     | <u>38,027</u>               | <u>(58,168)</u>     |
| Capital Contributions:                                      |                    |                     |                             |                     |
| Golf course clubhouse renovations                           | -                  | -                   | -                           | 69,602              |
| Transfers in:   |                    |                     |                             |                     |
| General Fund  | 24,785             | 22,631              | (2,154)                     | 23,715              |
| Recreation Fund   | 22,927             | 22,927              | -                           | 23,536              |
| Total Transfers   | <u>47,712</u>      | <u>45,558</u>       | <u>(2,154)</u>              | <u>47,251</u>       |
| Change in Net Assets  | <u>\$ (24,147)</u> | <u>11,726</u>       | <u>\$ 35,873</u>            | <u>58,685</u>       |
| Net Assets, Beginning of Year                               |                    | <u>1,110,597</u>    |                             | <u>1,051,912</u>    |
| Net Assets, End of Year                                     |                    | <u>\$ 1,122,323</u> |                             | <u>\$ 1,110,597</u> |

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### **INTERNAL SERVICE FUND**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Health Insurance Fund – Prior to July 1, 2008, the City had a self-funded health insurance program for City employees, dependents and retirees. Revenues included City contributions, employee/retiree contributions, interest and individual stop loss recovery. The City is in the process of closing this fund due to their joining the Nevada Public Employer's Benefit Program.

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**CITY OF ELKO**  
**SCHEDULE OF NET ASSETS**  
**HEALTH INSURANCE FUND**  
**JUNE 30, 2011**

*(With Comparative Actual Amounts at June 30, 2010)*

|                      | <u>2011</u>        | <u>2010</u>            |
|----------------------|--------------------|------------------------|
| ASSETS               |                    |                        |
| Current assets:      |                    |                        |
| Cash and investments | <u>\$ -</u>        | <u>1,168</u>           |
| Total Assets         | <u>-</u>           | <u>1,168</u>           |
| NET ASSETS           |                    |                        |
| Unrestricted         | <u>-</u>           | <u>1,168</u>           |
| TOTAL NET ASSETS     | <u><u>\$ -</u></u> | <u><u>\$ 1,168</u></u> |

**CITY OF ELKO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**HEALTH INSURANCE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(With Comparative Actual Amounts for the Year Ended June 30, 2010)*

|                              | <u>BUDGET</u> | <u>ACTUAL</u>  | <u>VARIANCE TO<br/>FINAL BUDGET</u> | <u>2010</u>      |
|------------------------------|---------------|----------------|-------------------------------------|------------------|
| Operating Revenues:          |               |                |                                     |                  |
| Charges for services:        |               |                |                                     |                  |
| Provider reimbursements      | <u>\$ -</u>   | <u>\$ -</u>    | <u>\$ -</u>                         | <u>\$ -</u>      |
| Total Operating Revenues     | <u>-</u>      | <u>-</u>       | <u>-</u>                            | <u>-</u>         |
| Operating Expenses:          |               |                |                                     |                  |
| Administration:              |               |                |                                     |                  |
| Employee benefits            | <u>-</u>      | <u>-</u>       | <u>-</u>                            | <u>5,414</u>     |
| Services and supplies        | <u>-</u>      | <u>-</u>       | <u>-</u>                            | <u>67,113</u>    |
| Total Operating Expenses     | <u>-</u>      | <u>-</u>       | <u>-</u>                            | <u>72,527</u>    |
| Operating Income (Loss)      | <u>-</u>      | <u>-</u>       | <u>-</u>                            | <u>(72,527)</u>  |
| Transfers Out:               |               |                |                                     |                  |
| General Fund                 | <u>-</u>      | <u>(1,168)</u> | <u>(1,168)</u>                      | <u>(162,489)</u> |
| Change in Net Assets         | <u>\$ -</u>   | <u>(1,168)</u> | <u>\$ (1,168)</u>                   | <u>(235,016)</u> |
| Net Assets beginning of year |               | <u>1,168</u>   |                                     | <u>236,184</u>   |
| Net Assets, end of year      |               | <u>\$ -</u>    |                                     | <u>\$ 1,168</u>  |

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### **FIDUCIARY FUNDS**

Agency Funds are custodial in nature and do not present results of operations or have measurement focus. They are assets held by the government as an agent.

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**CITY OF ELKO**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

|                               | BALANCE<br>JUNE 30, 2010 | ADDITIONS         | DELETIONS         | BALANCE<br>JUNE 30, 2011 |
|-------------------------------|--------------------------|-------------------|-------------------|--------------------------|
| Elko County Recreation Board: |                          |                   |                   |                          |
| Assets:                       |                          |                   |                   |                          |
| Cash and investments          | \$ 174,221               | \$ 151,655        | \$ 109,860        | \$ 216,016               |
| Interest receivable           | 366                      | 149               | 366               | 149                      |
| Room tax receivable           | 17,659                   | 18,836            | 17,659            | 18,836                   |
| Total Assets                  | <u>\$ 192,246</u>        | <u>\$ 170,640</u> | <u>\$ 127,885</u> | <u>\$ 235,001</u>        |
| Liabilities:                  |                          |                   |                   |                          |
| Accounts payable              | \$ 67                    | \$ 67             | \$ 67             | \$ 67                    |
| Due to other governments      | 192,179                  | 170,573           | 127,818           | 234,934                  |
| Total Liabilities             | <u>\$ 192,246</u>        | <u>\$ 170,640</u> | <u>\$ 127,885</u> | <u>\$ 235,001</u>        |

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**STATISTICAL SECTION**

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**CITY OF ELKO**  
**SCHEDULE OF REVENUE AND RELATED**  
**CAPITAL EXPENDITURES - CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(UNAUDITED)**

|  | Activity for the period<br>July 1, 2010<br>through June 30, 2011 |
|--|--|
| <b>Capital Construction Fund:</b>  |  |
| Beginning Balance July 1, 2010   | \$ (932,309)   |
| Additions:   |  |
| Revenue from Ad Valorem Taxes and grants   | 829,682  |
| 2010 Street Bond Proceeds  | 10,497,402   |
| Revenue from ARRA Grants   | 748,598  |
| Deletions:   |  |
| Silver Street Reconstruction - 5th Street to Mountain City Highway   | (634,355)  |
| Idaho Street Reconstruction - 5th Street to East City Limits   | (2,417,887)  |
| Funds remaining to be spent on Street Projects<br>based on Monies Collected from Ad Valorem Taxes                | \$ <u>8,091,131</u>  |
| <b>Water Fund:</b>   |  |
| Beginning Balance July 1, 2010   | \$ (2,103,121)   |
| Additions:   |  |
| Revenue from Connection Fees   | 444,207  |
| Deletions:   |  |
| Capital Expenses for Projects relating to Growth:<br>Rabbit Brush Run Lane Oversize                              | (29,675)   |
| Funds remaining to be spent on Growth based<br>on Monies Collected from Connection Fees                          | \$ <u>(1,688,589)</u>  |
| <b>Sewer Fund:</b>   |  |
| Beginning Balance July 1, 2010   | \$ 9,280,584   |
| Additions:   |  |
| Revenue from Sewer Improvement Fees  | 2,848,904  |
| Deletions:   |  |
| Capital Expenses for Projects or Replacement<br>Equalization Basin Sealing                                       | (487,524)  |
| Biosolids Drying Bed Design Engineering  | (120,919)  |
| Funds remaining to be spent on Growth or<br>Replacement based on Monies Collected from<br>Sewer Improvement Fees | \$ <u>11,521,045</u>   |
| <b>Sewer Fund:</b>   |  |
| Beginning Balance July 1, 2010   | \$ (330,007)   |
| Additions:   |  |
| Revenue from Connection Fees   | 604,260  |
| Deletions:   |  |
| Capital Expenses for Projects relating to Growth:<br>Reuse Site Additional Land Purchase                         | (8,651)  |
| WRF Plant Expansion - Design   | (4,071)  |
| Construct Additional RIB's (10 Acres)  | (1,132,695)  |
| Funds remaining to be spent on Growth based<br>on Monies Collected from Connection Fees                          | \$ <u>(871,164)</u>  |

**CITY OF ELKO**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GENERAL FUND - BUDGETARY BASIS**  
**FOR YEARS ENDED JUNE 30**  
**(UNAUDITED)**

|  | ACTUAL<br>2003 | ACTUAL<br>2004 | ACTUAL<br>2005 |
|--|----------------|----------------|----------------|
| Revenues:  |                |                |                |
| Taxes  | \$ 1,794,349   | \$ 1,820,085   | \$ 1,820,694   |
| Licenses and permits                                 | 1,070,134      | 1,068,772      | 1,226,545      |
| Intergovernmental                                    | 6,922,968      | 7,211,043      | 7,922,879      |
| Charges for services                                 | 498,133        | 526,188        | 465,420        |
| Fines and forfeitures                                | 118,022        | 121,311        | 130,049        |
| Miscellaneous  | 134,481        | 213,309        | 119,161        |
| Total Revenues                                       | 10,538,087     | 10,960,708     | 11,684,748     |
| Expenditures:  |                |                |                |
| General government                                   | 1,049,437      | 1,157,007      | 1,428,754      |
| Judicial   | 149,315        | 159,464        | 146,878        |
| Public safety  | 4,963,815      | 5,332,140      | 5,550,738      |
| Public works   | 2,635,950      | 2,505,096      | 2,858,478      |
| Health   | 260,359        | 276,938        | 357,308        |
| Culture and recreation                               | 624,716        | 696,735        | 690,329        |
| Community support                                    | 28,000         | 28,000         | 28,000         |
| Contingency  | -              | -              | -              |
| Intergovernmental                                    | -              | -              | 157,181        |
| Total Expenditures                                   | 9,711,592      | 10,155,380     | 11,217,666     |
| Excess (Deficiency) of Revenues<br>over Expenditures | 826,495        | 805,328        | 467,082        |
| Other Financing Sources (Uses):                      |                |                |                |
| Transfers in   | 206,410        | 184,220        | 220,106        |
| Transfers out  | (688,752)      | (602,282)      | (1,023,443)    |
| Total Other Financing<br>Sources (Uses)              | (482,342)      | (418,062)      | (803,337)      |
| Net Change in Fund Balance                           | 344,153        | 387,266        | (336,255)      |
| Fund Balance, July 1                                 | 1,721,936      | 2,066,089      | 2,453,355      |
| Fund Balance, June 30                                | \$ 2,066,089   | \$ 2,453,355   | \$ 2,117,100   |

| ACTUAL<br>2006 | ACTUAL<br>2007 | ACTUAL<br>2008 | ACTUAL<br>2009 | ACTUAL<br>2010 | ACTUAL<br>2011 | BUDGETED<br>2012 |
|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| \$ 1,861,647   | \$ 1,954,914   | \$ 2,053,557   | \$ 2,138,384   | 2,239,938      | \$ 2,253,941   | 2,308,256        |
| 1,312,525      | 1,464,666      | 1,517,248      | 1,555,808      | 1,491,501      | 1,765,089      | 1,792,466        |
| 10,236,294     | 11,347,440     | 10,822,650     | 10,483,689     | 9,804,184      | 11,543,028     | 9,861,719        |
| 558,329        | 580,481        | 619,864        | 577,488        | 575,031        | 769,662        | 776,695          |
| 161,363        | 177,703        | 225,240        | 250,115        | 199,207        | 209,940        | 189,100          |
| 263,047        | 201,580        | 287,861        | 171,484        | 86,388         | 105,473        | 110,242          |
| 14,393,205     | 15,726,784     | 15,526,420     | 15,176,968     | 14,396,249     | 16,647,133     | 15,038,478       |
| 1,342,145      | 1,640,946      | 1,793,403      | 2,108,515      | 2,111,813      | 2,099,734      | 1,951,157        |
| 222,543        | 237,848        | 301,401        | 386,154        | 387,548        | 364,974        | 386,500          |
| 6,345,554      | 7,221,831      | 7,905,349      | 8,116,542      | 8,275,314      | 8,294,481      | 8,319,790        |
| 3,056,446      | 3,235,170      | 4,273,874      | 3,362,015      | 3,307,233      | 3,059,259      | 3,219,870        |
| 408,536        | 441,913        | 507,835        | 525,658        | 525,384        | 526,608        | 538,865          |
| 733,833        | 817,790        | 952,538        | 1,028,101      | 1,027,258      | 977,659        | 993,370          |
| 28,000         | 28,000         | 36,000         | 36,000         | 32,000         | 21,000         | 23,500           |
| -              | -              | -              | -              | -              | -              | 231,496          |
| 12,946         | 51,365         | -              | -              | -              | -              | -                |
| 12,150,003     | 13,674,863     | 15,770,400     | 15,562,985     | 15,666,550     | 15,343,715     | 15,664,548       |
| 2,243,202      | 2,051,921      | (243,980)      | (386,017)      | (1,270,301)    | 1,303,418      | (626,070)        |
| 173,475        | 191,581        | 234,298        | 246,256        | 406,136        | 1,021,168      | 223,508          |
| (738,365)      | (1,107,644)    | (1,372,655)    | (397,690)      | (398,715)      | (1,061,631)    | (238,426)        |
| (564,890)      | (916,063)      | (1,138,357)    | (151,434)      | 7,421          | (40,463)       | (14,918)         |
| 1,678,312      | 1,135,858      | (1,382,337)    | (537,451)      | (1,262,880)    | 1,262,955      | (640,988)        |
| 2,117,100      | 3,795,412      | 4,931,270      | 3,548,933      | 3,011,489      | 1,748,609      | 1,941,146        |
| \$ 3,795,412   | \$ 4,931,270   | \$ 3,548,933   | \$ 3,011,482   | 1,748,609      | \$ 3,011,564   | 1,300,158        |



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**CITY OF ELKO  
ASSESSED VALUATION  
SECURED AND UNSECURED PROPERTY  
FOR YEAR ENDED JUNE 30  
(UNAUDITED)**

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| <u>FISCAL<br/>YEAR</u> |    | <u>ASSESSED<br/>VALUATION</u> | <u>PERCENT<br/>CHANGE</u> |
|------------------------|----|-------------------------------|---------------------------|
| 1995                   | \$ | 202,479,335                   | 2.74%                     |
| 1996                   |    | 218,662,312                   | 7.99%                     |
| 1997                   |    | 231,485,367                   | 5.86%                     |
| 1998                   |    | 247,881,803                   | 7.08%                     |
| 1999                   |    | 263,888,126                   | 6.46%                     |
| 2000                   |    | 272,263,390                   | 3.17%                     |
| 2001                   |    | 291,389,822                   | 7.02%                     |
| 2002                   |    | 295,123,546                   | 1.28%                     |
| 2003                   |    | 288,766,550                   | -2.15%                    |
| 2004                   |    | 297,619,553                   | 3.07%                     |
| 2005                   |    | 296,187,696                   | -0.48%                    |
| 2006                   |    | 296,750,239                   | 0.19%                     |
| 2007                   |    | 312,805,735                   | 5.41%                     |
| 2008                   |    | 337,353,408                   | 7.85%                     |
| 2009                   |    | 363,571,663                   | 7.77%                     |
| 2010                   |    | 389,109,714                   | 7.02%                     |
| 2011                   |    | 390,921,792                   | 0.47%                     |
| 2012                   |    | 386,309,054                   | -1.18%                    |

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**CITY OF ELKO**  
**COUNTYWIDE SECURED TAX LEVIES, COLLECTIONS AND DELINQUENCIES**  
**FOR YEAR ENDED JUNE 30**  
**(UNAUDITED)**

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| <u>FISCAL<br/>YEAR</u> | <u>NET<br/>LEVY ROLL</u> | <u>TOTAL TAXES<br/>COLLECTED</u> | <u>COLLECTED<br/>AS A % OF<br/>TAXES LEVIED</u> |
|------------------------|--------------------------|----------------------------------|---|
| 1995                   | \$ 5,046,187             | \$ 5,000,696                     | 99.1%   |
| 1996                   | 5,653,208                | 5,430,161                        | 96.1%   |
| 1997                   | 5,848,794                | 5,777,337                        | 98.8%   |
| 1998                   | 6,184,268                | 6,091,667                        | 98.5%   |
| 1999                   | 6,557,417                | 6,422,643                        | 97.9%   |
| 2000                   | 6,916,989                | 6,769,209                        | 97.9%   |
| 2001                   | 7,223,108                | 7,145,453                        | 98.9%   |
| 2002                   | 7,515,678                | 7,352,732                        | 97.8%   |
| 2003                   | 7,913,598                | 7,773,886                        | 98.2%   |
| 2004                   | 8,168,939                | 8,089,734                        | 99.0%   |
| 2005                   | 8,450,691                | 8,391,493                        | 99.3%   |
| 2006                   | 8,806,052                | 8,764,671                        | 99.5%   |
| 2007                   | 9,414,388                | 9,357,982                        | 99.4%   |
| 2008                   | 9,416,173                | 9,285,228                        | 98.6%   |
| 2009                   | 10,572,851               | 10,270,543                       | 97.1%   |
| 2010                   | 10,983,383               | 10,580,559                       | 96.3%   |
| 2011                   | 11,155,991               | 10,850,072                       | 97.3%   |

Beginning in Fiscal Year 2009 includes the Elko Redevelopment District

**CITY OF ELKO  
TEN LARGEST PROPERTY OWNERS  
FOR THE YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

| TAXPAYER                         | TYPE OF<br>BUSINESS | ASSESSED<br>VALUE    | % OF CITY<br>ASSESSED VALUE |
|----------------------------------|---------------------|----------------------|-----------------------------|
| 1. Elko Acquisitions             | Gaming              | \$ 10,588,783        | 2.74%                       |
| 2. PHC Elko, Inc.                | Hospital            | 9,182,933            | 2.38%                       |
| 3. Wal-Mart Stores, Inc.         | Retail              | 5,128,611            | 1.33%                       |
| 4. Ablah Elko                    | Commercial          | 3,650,237            | 0.94%                       |
| 5. Monte Carlo                   | Apartments          | 3,121,764            | 0.81%                       |
| 6. Route 225                     | Gaming              | 3,014,267            | 0.78%                       |
| 7. Sagecrest                     | Apartments          | 2,964,822            | 0.77%                       |
| 8. Northern Nevada Asset Holding | Gaming              | 2,900,738            | 0.75%                       |
| 9. Home Depot                    | Retail              | 2,681,674            | 0.69%                       |
| 10. Geothermal Industrial Park   | Mining/Industrial   | 2,643,666            | 0.68%                       |
|                                  |                     | <u>\$ 45,877,495</u> | <u>11.88%</u>               |

Based on Fiscal Year 2011-2012 total City assessed valuation of \$386,309,054.

**CITY OF ELKO**  
**STATEWIDE AVERAGE AND OVERLAPPING TAX RATES**  
**FOR YEARS ENDED JUNE 30**  
**(UNAUDITED)**

|                             | <u>2005</u>             | <u>2006</u>             | <u>2007</u>             | <u>2008</u>             | <u>2009</u>             | <u>2010</u>             | <u>2011</u>             | <u>2012</u><br>(Budget) |
|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Average Statewide Rate      | \$ <u>3.1182</u>        | \$ <u>3.1124</u>        | \$ <u>3.1471</u>        | \$ <u>3.1526</u>        | \$ <u>3.1727</u>        | \$ <u>3.2162</u>        | \$ <u>3.1320</u>        | \$ <u>3.1171</u>        |
| City of Elko                | \$ 0.8200               | \$ 0.9200               | \$ 0.9200               | \$ 0.9200               | \$ 0.9200               | \$ 0.9200               | \$ 0.9200               | \$ 0.9200               |
| Elko County                 | 0.8419                  | 0.8386                  | 0.8386                  | 0.8386                  | 0.8386                  | 0.8386                  | 0.8386                  | 0.8386                  |
| Elko County School District | 1.5000                  | 1.5000                  | 1.5000                  | 1.5000                  | 1.5000                  | 1.5000                  | 1.5000                  | 1.5000                  |
| Special Districts           | 0.0648                  | 0.0661                  | 0.0671                  | 0.0681                  | 0.0681                  | 0.0681                  | 0.0681                  | 0.0537                  |
| State of Nevada             | <u>0.1700</u>           | <u>0.1700</u>           | <u>0.1700</u>           | <u>0.1700</u>           | <u>0.1700</u>           | <u>0.1700</u>           | <u>0.1700</u>           | <u>0.1700</u>           |
| Total                       | \$ <u><u>3.3967</u></u> | \$ <u><u>3.4947</u></u> | \$ <u><u>3.4957</u></u> | \$ <u><u>3.4967</u></u> | \$ <u><u>3.4967</u></u> | \$ <u><u>3.4967</u></u> | \$ <u><u>3.4967</u></u> | \$ <u><u>3.4823</u></u> |

Per \$100 of assessed valuation.

Source: Nevada Department of Taxation

**CITY OF ELKO  
STATUTORY DEBT LIMITATION  
FOR YEARS ENDED JUNE 30  
(UNAUDITED)**

| FISCAL<br>YEAR | TOTAL<br>ASSESSED<br>VALUATION | DEBT<br>LIMIT | OUTSTANDING<br>GENERAL<br>OBLIGATION<br>DEBT | ADDITIONAL<br>STATUTORY<br>DEBT<br>CAPACITY |
|----------------|--------------------------------|---------------|--|---|
| 1995           | \$ 202,479,335                 | \$ 60,743,801 | \$ 5,088,990                                 | \$ 55,654,811                               |
| 1996           | 218,662,312                    | 65,598,694    | 5,035,966                                    | 60,562,728                                  |
| 1997           | 231,485,367                    | 69,445,610    | 6,106,422                                    | 63,339,188                                  |
| 1998           | 247,881,803                    | 74,364,541    | 5,854,044                                    | 68,510,497                                  |
| 1999           | 263,888,126                    | 79,237,679    | 9,356,291                                    | 69,881,388                                  |
| 2000           | 272,263,390                    | 81,679,017    | 12,009,569                                   | 69,669,448                                  |
| 2001           | 291,416,822                    | 87,425,047    | 11,679,464                                   | 75,745,583                                  |
| 2002           | 295,138,546                    | 88,541,563    | 11,055,964                                   | 77,485,599                                  |
| 2003           | 288,780,550                    | 86,634,165    | 10,616,125                                   | 76,018,040                                  |
| 2004           | 297,631,533                    | 89,290,059    | 10,080,917                                   | 79,209,142                                  |
| 2005           | 296,207,696                    | 88,860,809    | 9,681,808                                    | 79,179,001                                  |
| 2006           | 296,770,239                    | 89,031,072    | 10,882,881                                   | 78,148,191                                  |
| 2007           | 312,816,735                    | 93,845,020    | 10,204,260                                   | 83,640,760                                  |
| 2008           | 337,353,408                    | 101,206,022   | 9,508,686                                    | 91,697,336                                  |
| 2009           | 363,571,663                    | 109,071,499   | 8,775,724                                    | 100,295,775                                 |
| 2010           | 389,109,714                    | 116,732,914   | 7,383,511                                    | 109,349,403                                 |
| 2011           | 390,921,792                    | 117,276,538   | 17,427,471                                   | 99,849,067                                  |
| 2012           | 386,309,054                    | 115,892,716   | N/A  | N/A   |

Note: Legal debt limit per NRS 266.600.

**CITY OF ELKO**  
**OUTSTANDING BONDED INDEBTEDNESS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(UNAUDITED)**

|  | <u>DATE OF<br/>ISSUE</u> | <u>ORIGINAL<br/>ISSUE AMOUNT</u> | <u>PRINCIPAL<br/>OUTSTANDING<br/>JUNE 30, 2011</u> |
|--|--------------------------|----------------------------------|--|
| <u>Bonds Payable</u>                           |                          |                                  |  |
| General Obligation Bonds:                      |                          |                                  |  |
| General Government:                            |                          |                                  |  |
| 2005 Limited Tax Recreational Facilities Bonds | 8/25/2005                | 2,000,000                        | 1,590,000  |
| 2010 Limited Tax Street Bonds                  | 10/5/2010                | 10,500,000                       | 10,500,000   |
| General Obligation (Limited Tax) Bonds:        |                          |                                  |  |
| Enterprise Fund:                               |                          |                                  |  |
| Airport Improvement Bonds                      |                          |                                  |  |
| Series 2009A and Series 2009B                  | 12/1/2009                | 3,735,000                        | 3,575,000  |
| General Obligation (Limited Tax) Revenue Bond: |                          |                                  |  |
| Enterprise Fund:                               |                          |                                  |  |
| Sewer Bond, Series 1998                        | 8/14/1998                | 4,000,000                        | 1,762,471  |
| Total Bonds Payable                            |                          | \$ <u>20,235,000</u>             | \$ <u>17,427,471</u>                               |

**CITY OF ELKO**  
**ANNUAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(UNAUDITED)**

| FISCAL<br>YEAR | 2009 Airport Improvement<br>Limited Tax Bond |                     | 1998<br>Sewer Bond  |                   |
|----------------|--|---------------------|---------------------|-------------------|
|                | Principal                                    | Interest            | Principal           | Interest          |
| 2012           | 165,000                                      | 165,605             | 228,237             | 55,100            |
| 2013           | 170,000                                      | 159,755             | 235,668             | 47,668            |
| 2014           | 180,000                                      | 153,405             | 243,342             | 39,994            |
| 2015           | 180,000                                      | 146,430             | 251,265             | 32,071            |
| 2016           | 190,000                                      | 138,911             | 259,447             | 23,890            |
| 2017           | 190,000                                      | 130,836             | 267,895             | 15,442            |
| 2018           | 205,000                                      | 122,055             | 276,617             | 6,719             |
| 2019           | 215,000                                      | 112,475             | -                   | -                 |
| 2020           | 225,000                                      | 102,166             | -                   | -                 |
| 2021           | 225,000                                      | 91,290              | -                   | -                 |
| 2022           | 245,000                                      | 79,571              | -                   | -                 |
| 2023           | 250,000                                      | 66,980              | -                   | -                 |
| 2024           | 270,000                                      | 53,778              | -                   | -                 |
| 2025           | 270,000                                      | 39,400              | -                   | -                 |
| 2026           | 290,000                                      | 24,380              | -                   | -                 |
| 2027           | 305,000                                      | 8,265               | -                   | -                 |
| 2028           | -  | -                   | -                   | -                 |
| 2029           | -  | -                   | -                   | -                 |
| 2030           | -  | -                   | -                   | -                 |
| 2031           | -  | -                   | -                   | -                 |
| 2032           | -  | -                   | -                   | -                 |
| TOTAL          | <u>\$ 3,575,000</u>                          | <u>\$ 1,595,302</u> | <u>\$ 1,762,471</u> | <u>\$ 220,884</u> |

| 2005 Limited Tax Recreational<br>Facilities Bonds |                   | 2010 Street Bonds<br>Limited Tax Bond |                     | Total                |
|---|-------------------|---------------------------------------|---------------------|----------------------|
| Principal   | Interest          | Principal                             | Interest            |                      |
| 80,000  | 65,768            | 385,000                               | 356,556             | 1,501,266            |
| 85,000  | 62,568            | 395,000                               | 348,756             | 1,504,415            |
| 90,000  | 59,168            | 405,000                               | 340,756             | 1,511,665            |
| 95,000  | 55,568            | 410,000                               | 332,606             | 1,502,940            |
| 100,000   | 51,768            | 420,000                               | 324,044             | 1,508,060            |
| 105,000   | 47,768            | 430,000                               | 313,131             | 1,500,072            |
| 110,000   | 43,568            | 445,000                               | 297,781             | 1,506,740            |
| 115,000   | 39,113            | 465,000                               | 279,581             | 1,226,169            |
| 120,000   | 34,455            | 485,000                               | 260,581             | 1,227,202            |
| 125,000   | 29,415            | 505,000                               | 240,781             | 1,216,486            |
| 130,000   | 24,165            | 520,000                               | 222,556             | 1,221,292            |
| 140,000   | 18,705            | 540,000                               | 205,656             | 1,221,341            |
| 145,000   | 12,685            | 555,000                               | 187,516             | 1,223,979            |
| 150,000   | 6,450             | 575,000                               | 168,375             | 1,209,225            |
| -   | -                 | 595,000                               | 146,700             | 1,056,080            |
| -   | -                 | 620,000                               | 122,400             | 1,055,665            |
| -   | -                 | 645,000                               | 97,100              | 742,100              |
| -   | -                 | 675,000                               | 70,700              | 745,700              |
| -   | -                 | 700,000                               | 43,200              | 743,200              |
| -   | -                 | 730,000                               | 14,600              | 744,600              |
| -   | -                 | -                                     | -                   | -                    |
| <u>\$ 1,590,000</u>                               | <u>\$ 551,164</u> | <u>\$ 10,500,000</u>                  | <u>\$ 4,373,377</u> | <u>\$ 24,168,198</u> |



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**CITY OF ELKO**  
**TOTAL AND UNFUNDED ACCRUED LIABILITIES**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**STATE OF NEVADA**  
**FOR THE YEARS ENDED JUNE 30**  
**(UNAUDITED)**

|  | All Members       |                   |
|--|-------------------|-------------------|
|  | June 30, 2010     | June 30, 2009     |
| Total Actuarial Accrued Liability      | \$ 35,077,739,778 | \$ 33,075,157,965 |
| Net Assets at Actuarial Value          | 24,725,464,709    | 23,971,875,851    |
| Unfunded Actuarial Accrued Liability   | \$ 10,352,275,069 | \$ 9,103,282,114  |
| Assets as % of Total Accrued Liability | 70.49%            | 72.48%            |

Source: June 30, 2010 Public Employees' Retirement System of Nevada  
Comprehensive Annual Financial Report

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**COMPLIANCE SECTION**

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KAFOURY, ARMSTRONG & CO.  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

To the Honorable Mayor and City Council of Elko, Nevada

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko, State of Nevada as of and for the year ended June 30, 2011, which collectively comprise the City of Elko's basic financial statement and have issued our report thereon dated January 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Elko's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Elko's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Elko's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness (item 11-1).

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in finding 11-2 in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Elko's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Mayor, City Council, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Kafoury Armstrong & Co.*

Elko, Nevada  
January 5, 2012

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KAFOURY, ARMSTRONG & CO.  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES**

To the Honorable Mayor and City Council of Elko, Nevada

Compliance

We have audited the City of Elko, State of Nevada's (the City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) for its passenger facility charge program for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs and passenger facility charge program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and the Guide. Those standards, OMB Circular A-133, and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and passenger facility charge program for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and the Guide and which is described in the accompanying Schedule of Findings and Questioned Costs as item 11-3.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs and passenger facility charge program. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program and the passenger facility charge program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control

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over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as define above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as finding 11-3. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's responses to the findings indentified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Mayor, City Council, management, others within the entity, federal awarding agencies, pass-through entities and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

Kafoury, Armstrong & Co.

Elko, Nevada  
January 5, 2012



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**CITY OF ELKO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(Page 1 of 2)*

| <b>FEDERAL GRANTOR/PASS-THROUGH<br/>GRANTOR/PROGRAM TITLE</b>  | <b>FEDERAL<br/>CDFDA<br/>NUMBER</b> | <b>PASS-THROUGH<br/>ENTITY<br/>IDENTIFYING<br/>NUMBER</b> | <b>FEDERAL<br/>EXPENDITURES</b> |
|--|-------------------------------------|---|---------------------------------|
| <u>U.S. Department of Housing and Urban Development:</u>   |                                     |   |                                 |
| Passed through State of Nevada Department of<br>Commission on Economic Development:<br>Community Development Block Grants/States<br>Program:<br>Administered Small Cities Program Cluster:<br>Southside Park Basketball/Tennis Court<br>Reconstruction | 14.228                              | CDBG/08/PF/002  | \$ 29,847                       |
| <u>U.S. Department of Justice:</u>   |                                     |   |                                 |
| JAG Program Cluster:<br>Passed through Nevada Department of Public Safety:<br>Edward Byrne Memorial Formula Grant Program:<br>Juvenile Justice and Delinquency Prevention Grant<br>Office of Narcotic Control Assistance                               | 16.738<br>16.738                    | 10-JAG-11<br>10-JAG-10                                    | 79,937<br>158,243               |
| Passed through Nevada Office of Criminal Justice ARRA –<br>ARRA - Assistance Recovery Act- Edward Byrne<br>Memorial Justice Assistance Grant Program/Grants to<br>States and Territories:<br>Mobile Computing Technology – Police Grant                | 16.803                              | 09-ARRA-14  | 39,037                          |
|  |                                     |   | <u>277,217</u>                  |
| Passed through Partners Allied for Community Excellence:<br>Enforcing Underage Drinking Laws Program   | 16.727                              | N/A   | 1,652                           |
| Direct Programs:<br><br>ARRA - Bulletproof Vest Partnership Program  | 16.607                              | 2009-SB-B9-0079<br>(ARRA)                                 | 4,738                           |
| Total Department of Justice  |                                     |   | <u>283,607</u>                  |
| <u>U.S. Department of Transportation:</u>  |                                     |   |                                 |
| Direct Program:<br>Airport Improvement Program   | 20.106                              | 3-32-0005-33  | 3,325                           |
| Airport Improvement Program  | 20.106                              | 3-32-0005-35  | 2,418                           |
| Airport Improvement Program  | 20.106                              | 3-32-0005-36  | 28,500                          |
| Airport Improvement Program  | 20.106                              | 3-32-0005-37  | 46,656                          |
| Airport Improvement Program  | 20.106                              | 3-32-0005-38  | 572,610                         |
| Airport Improvement Program  | 20.106                              | 3-32-0005-39  | 179,550                         |
|  |                                     |   | <u>833,059</u>                  |
| Passed through State of Nevada Department of<br>Transportation:<br>Highway Planning and Construction Cluster:<br>ARRA - Highway Planning and Construction  | 20.205                              | P333-09-053<br>ARRA-0007(033)                             | 619,111                         |

**CITY OF ELKO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(Page 2 of 2)*

Passed through State of Nevada Department of Transportation  
and Public Safety:

Highway Safety Cluster:

|                                  |        |            |               |
|----------------------------------|--------|------------|---------------|
| Traffic Safety Enforcement Grant | 20.601 | 29-JF-1.05 | 4,740         |
| Traffic Safety Enforcement Grant | 20.602 | 29-JF-1.05 | 1,774         |
| Traffic Safety Enforcement Grant | 20.609 | 29-JF-1.05 | 10,360        |
|                                  |        |            | <u>16,874</u> |

Total Department of Transportation

1,469,044

U.S. Department of Homeland Security:

Passed through State of Nevada Department of Public Safety:

Disaster Grants – Public Assistance

|                                     |        |         |               |
|-------------------------------------|--------|---------|---------------|
| Emergency Management Planning Grant | 97.042 | 9704210 | <u>28,141</u> |
|-------------------------------------|--------|---------|---------------|

Passed through Elko County:

Homeland Security Cluster:

|                                 |        |          |                |
|---------------------------------|--------|----------|----------------|
| State Homeland Security Program | 97.067 | 97067HL1 | 66,009         |
| State Homeland Security Program | 97.067 | 97067HL8 | 286,655        |
| State Homeland Security Program | 97.067 | 97067HL9 | 2,575          |
|                                 |        |          | <u>355,239</u> |

Total Department of Homeland Security

383,380

Total Expenditures of Federal Awards

\$ 2,165,878

**Note 1 – BASIS OF PRESENTATION:**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Elko and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note 2 – SUBRECIPIENTS:**

The City of Elko provided federal awards to the City of Carlin, Nevada, as a subrecipient, as follows:

| Program Title:  | Federal CFDA Number: | Amount Provided: |
|---|----------------------|------------------|
| Edward Byrne Memorial Justice Assistance<br>Grant Program | 16.738               | \$60,060         |

**CITY OF ELKO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(Page 1 of 4)*

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

- Material weakness identified? ☒ yes ☐ no
- Significant deficiency identified that is not considered to be a material weakness? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards Program and Passenger Facility Charge Program:

Internal control over major programs and Passenger Facility Charge Program:

- Material weakness identified? ☐ yes ☒ no
- Significant deficiency identified that is not considered to be a material weakness? ☒ yes ☐ none reported

Type of auditor's report issued on compliance for major programs and Passenger Facility Charge Program: unqualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐ yes ☒ no

Any audit findings disclosed that are required to be reported in accordance with the *Passenger Facility Charge Audit Guide for Public Agencies*? ☒ yes ☐ no

Identification of major programs:

20.106 – Airport Improvement Program  
20.205 – Highway Planning and Construction Cluster  
97.067 – Homeland Security Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee under Section 530 of OMB Circular A-133? ☐ Yes ☒ no

**CITY OF ELKO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(Page 2 of 4)*

**SECTION II – FINDINGS RELATIVE TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS (GAGAS).**

**Deficiency Considered a Material Weakness:**

Finding 11-1  
Capital Asset Recording:

|                        |   |
|------------------------|---|
| Criteria:              | Controls should be in place to ensure the proper value is recorded for capital assets. This will reduce the risk of misstatements in financial reporting.   |
| Condition:             | During our audit, we noted bond issuance costs totaling \$156,062 were included in the value of construction in progress for the Idaho and 5 <sup>th</sup> Street Road Project, instead of being expensed as per generally accepted accounting principles. In addition, we noted several footing errors on the spreadsheet used to track capital assets and calculate depreciation. This resulted in capital assets being over depreciated by \$19,153. |
| Effect:                | Misstatement of the City of Elko financial statements.  |
| Cause:                 | The accounting department was unaware of the appropriate reporting for the bond costs. The calculation errors are due to footing errors in the excel worksheet.   |
| Recommendation:        | We recommend management obtain training regarding the proper valuation of capital assets. In addition, the capital assets listing is very large for the City of Elko. We recommend a software package for capital asset reporting be used to maintain the capital assets to help alleviate spreadsheet errors.  |
| Management's Response: | Management will monitor all capital asset purchases to ensure that all costs are appropriate. In addition, management is in the process of converting the capital assets to a new software package.   |

**CITY OF ELKO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(Page 3 of 4)*

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Deficiency Considered a Significant Deficiency:

Finding 11-2  
Financial Reporting:

|                        |   |
|------------------------|---|
| Criteria:              | Management is responsible for establishing and maintaining an effective system of internal controls over financial reporting. One of the components of an effective system of internal control over financial reporting is the preparation of full disclosure financial statements and the Schedule of Expenditures of Federal Awards that do not require adjustment as part of the audit process.                          |
| Condition:             | During our testing we noted that the City of Elko Police Department received a \$39,037 Emergency Management Performance grant covering expenditures for October 2010 to June 30, 2011. The Police Department did not receive the grant paperwork until August 2011 and they did not remit it to the Accounting Department until early November, 2011. This resulted in a revision to the Schedule of Federal Expenditures. |
| Effect:                | Untimely reporting of information to the Accounting Department could result in federal programs not being properly accounted for.   |
| Cause:                 | The grant manager at the City of Elko Police Department was out of the office for training.   |
| Recommendation:        | We recommend the City of Elko Police Department consider assigning another individual to grant related duties when the grant manager is out of the office for training for a significant amount of time. This will ensure timely delivery to the accounting department.   |
| Management's Response: | Financial management staff will work more closely with Police Department management staff to ensure that all grants are accounted for in a timely manner regardless of whether staff is absent or not. Additionally, the implementation of the grants management policy will help with this as all grants have to be approved by the City Council.  |

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**CITY OF ELKO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(Page 4 of 4)*

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**SECTION III - FEDERAL AWARDS AND PASSENGER FACILITY CHARGE PROGRAM FINDINGS AND QUESTIONED COSTS:**

Finding 11-3

Passenger Facility Charge Program -  
Timeliness of Report Filing:

|                        |  |
|------------------------|--|
| Criteria:              | Controls should be in place to ensure the timeliness of filing of the quarterly Passenger Facility Charge reports with the Federal Aviation Administration.                      |
| Condition:             | During our audit, we noted the June 2011 quarterly report was not filed within 30 days of the quarter ending date. The June 2011 report was filed on September 21, 2011.         |
| Effect:                | Untimely filing of reports.  |
| Cause:                 | The accounting department was not able to prepare the reports on time.   |
| Recommendation:        | We recommend management file these reports within 30 days of the quarter end so that the reports are timely filed in accordance with the Passenger Facility Charge requirements. |
| Management's Response: | Management will calendar the due dates of all quarterly reports to ensure that they are filed by the due date.   |

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**CITY OF ELKO**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Prior Audit Findings for Federal Award Programs and the Passenger Facility Charge Program:**

**Finding 10-4**

**Passenger Facility Charge Program – Timeliness of Report Filing:**

**Criteria and Condition:**

Controls should be in place to ensure the timeliness of filing of the quarterly Passenger Facility Charge Reports with the Federal Aviation Administration. During our audit, we noted the March 2010 and the September 2009 quarterly reports were not filed within 30 days of the quarter ending date. The March 2010 report was filed May 3, 2010 and the September 2009 report was filed on November 16, 2010.

**Auditor's Recommendation:**

We recommended management file these reports within 30 days of the quarter end in accordance with the Passenger Facility Charge requirements.

**Current Status:**

This is a recurring finding in the current year Schedule of Findings and Questioned Costs.

**Finding 10-5**

**U.S. Department of Transportation – Airport Improvement Program – CFDA 20.106:**

**Criteria and Condition:**

The Davis-Bacon Act requires contractors or subcontractors to submit weekly, for each week in which contract work is performed, a copy of the payroll and a statement of compliance (certified payroll). The certified payrolls for one contractor were not received and monitored weekly for compliance with the Davis-Bacon Act.

**Auditor's Recommendation:**

We recommended the City of Elko implement procedures to ensure certified payrolls are received and reviewed through the completion of the project, to ensure compliance with the requirements stated above.

**Current Status:**

Recommendation was implemented.

**Finding 10-6**

**U.S. Department of Transportation – Airport Improvement Program – CFDA 20.106:**



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**CITY OF ELKO**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Criteria and Condition:**

Per OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Effective November 26, 2003, when a non-federal entity enters into a covered transactions (over \$25,000) with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting as certification from the entity, or adding a clause or condition to the covered transaction with that entity. During our testing, we noted that an engineering and consultant contract did not include the necessary clause covering the suspension and debarment requirement nor was the EPLS website verified.

**Auditor's Recommendation:**

We recommended the City of Elko implement procedures to ensure the suspended and debarred party certifications are obtained for all parties or verifications for checking the EPLS website should be maintained.

**Current Status:**

Recommendation was implemented.

**Finding 10-7**

**U.S. Department of Homeland Security – State Homeland Security Program – CFDA 97.067:**

**Criteria and Condition:**

Management is responsible for establishing and maintaining an effective system of internal controls over financial reporting. One of the components of an effective system of internal control over financial reporting is the preparation of full disclosure financial statements and the Schedule of Expenditures of Federal Awards that do not require adjustment as part of the audit process. During our testing we noted that a grant was subawarded from Elko County for training and equipment totaling \$451,579. The City of Elko Police Department did not notify the accounting department concerning this grant and therefore due to the noncash nature of this grant, the grant was not originally included on the Schedule of Federal Expenditures. In addition, if this was not corrected it would have resulted in unrecorded capital asset additions totaling \$383,437.

**Auditor's Recommendation:**

We recommended the City of Elko implement procedures to ensure all departments report all grants received to the accounting department and the City of Elko Police Department should be coached and counseled on the proper completion of capital assets inventories.

**Current Status:**

Recommendation was implemented.

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**CITY OF ELKO**  
**SCHEDULE OF PASSENGER**  
**FACILITY CHARGES COLLECTED AND EXPENDED**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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|  |                 |
|--|-----------------|
| Balance July 1, 2010   | \$ -            |
| Collection of Passenger Facility Charges<br>July 1, 2010 through June 30, 2011                 | 87,730          |
| Interest Earned  | -               |
| Proceeds expended for Passenger Facility Charge Projects<br>July 1, 2010 through June 30, 2011 | <u>(87,730)</u> |
| Balance June 30, 2011  | <u>\$ -</u>     |

The Schedule of Passenger Facility Charges is presented on the modified accrual basis of accounting.

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**AUDITOR'S COMMENTS**

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**CITY OF ELKO  
AUDITOR'S COMMENTS  
JUNE 30, 2011**

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**CURRENT YEAR STATUTE COMPLIANCE**

The required disclosure on compliance with Nevada Revised Statutes and Nevada Administrative Code is contained in Note 3 to the financial statements.

**PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE**

In the prior year, apparent violations of NRS 354.626 occurred in various funds. The City monitored expenditures during the current year in order to prevent overexpenditures, however, as reported in Note 3 to the financial statements, there were isolated instances of overexpenditures at June 30, 2011.

**DISPOSITION OF PRIOR YEAR RECOMMENDATIONS**

The prior year audit findings were implemented, with the exception of Finding 10-4 which was recurring and noted as Finding 11-3 in the current year.

**CURRENT YEAR AUDIT RECOMMENDATIONS**

Our recommendations for the current year are included in the Schedule of Findings and Questioned Costs.

**CITY OF ELKO**  
**SCHEDULE OF FEES IMPOSED SUBJECT TO THE**  
**PROVISION OF NRS 354.5989**  
**LIMITATION OF FEES FOR BUSINESS LICENSES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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Flat Fixed Fees:

|  |            |
|--|------------|
| Business license revenue for the year ended June 30, 1991 (base year) adjusted through June 30, 2010 | \$ 534,106 |
|--|------------|

Adjustment to Base:

|  |         |                |
|--|---------|----------------|
| Base year adjusted percentage increase in population of the local government   | 2.22%   |                |
| Percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated | (0.40%) | <u>x 1.82%</u> |
|  |         | <u>9,721</u>   |

|                                |         |
|--------------------------------|---------|
| Adjusted base at June 30, 2011 | 543,827 |
|--------------------------------|---------|

|                |                |
|----------------|----------------|
| Actual revenue | <u>389,685</u> |
|----------------|----------------|

|                                      |                     |
|--------------------------------------|---------------------|
| Amount over (under) allowable amount | <u>\$ (154,142)</u> |
|--------------------------------------|---------------------|



KAFOURY, ARMSTRONG & CO.  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT ACCOUNTANT'S REPORT**

To the Honorable Mayor and City Council of Elko, Nevada

We have reviewed the assertions provided by management in accordance with Nevada Revised Statute 354.624(5)(a):

- The identified funds are being used expressly for the purposes for which they were created,
- The funds are administered in accordance with accounting principles generally accepted in the United States of America,
- The fund balances/net assets in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2011 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenues, including transfers, available for the funds are as noted in the financial statements,
- The funds conform to significant statutory and regulatory constraints on their financial administration during the year ended June 30, 2011 (except as previously noted under statute compliance),
- The balance and net assets of the funds are as noted in the financial statements.

These assertions are the responsibility of the management of the City of Elko.

Our review was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management referred to above is not fairly stated in all material respects.

*Kafoury, Armstrong & Co.*

Elko, Nevada  
January 5, 2012

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